
**Accounting and Financial Systems Branch
(RFA)**



**OPERATING MATERIALS & SUPPLIES
PROCESS FLOW DOCUMENT**



1.0 INTRODUCTION

Overview. The Marine Corps has determined that documenting their existing business practices and processes are an integral and vital component to the Department of Defense (DoD) goal of achieving accurate, timely, reliable, and useful financial information.

Operating Materials & Supplies (OM&S) are recorded on the Marine Corps Balance Sheet under the Inventory and Related Property line item. The Department of Defense defines OM&S as tangible personal property that is to be consumed in normal operations. OM&S is categorized into materials and supplies that are either (1) held for use, (2) held for repair, (3) excess, obsolete and unserviceable. OM&S is generally comprised of spare and repair parts, ammunition, conventional missiles, torpedoes, aircraft configuration pads, and centrally managed aircraft engines.

Representatives from OM&S activities gathered to document process flows currently used by various Field Activities. Representatives identified process flows affecting Operating Materials & Supplies.

Functional Area
▪ Requisition
▪ Property Control
▪ Reconciliation

Table 1-1: Functional Area.

Scope and Objective. The scope and objective of the *Operating Materials & Supplies Process Flow Document* is to graphically depict the existing functional area business processes based on published regulations and guidance.

Source Documentation. The source documents used for the development of *Operating Materials & Supplies Process Flow Document* are the Marine Corps Order P4400.150-E, *Consumer-Level Supply Policy Manual*, the Statement of Federal Financial Accounting Standards (SFFAS) No.3, *Accounting For Inventory And Related Property*, the Department of Defense Financial Management Regulation (DODFMR), Volume 11B, Chapter 55, *Inventory and Supply Management Operations*, and the DODFMR, Volume 4, Chapter 4, *Operating Materials and Supplies Stock Pile Materials*.

Document Layout. The layout of the *Operating Materials & Supplies Process Flow Document* consists of an individual volume. The volume consists of the following sections:

- **Overview.** Provides a brief high-level discussion and definition of the functional area based on existing financial management regulations or guidance.
- **Requirements.** Identifies the source documents and specific requirements that relate to each financial management functional area.



- **Narratives.** Provides a written depiction, corresponding with the respective process flow, for specific actions, steps, and roles and responsibilities.
- **Process Flow.** Provides a graphical depiction of each functional area process flow by “swim lanes” of specific actions, steps, and roles and responsibilities. The symbols below represent the process flow legend:



Indicates a process or action



Indicates a decision or determination



Indicates the receipt of a document



Indicates the continuation of a process flow to another process flow



Indicates the continuation from another process flow



Indicates a possible outcome of a decision



Indicates a step in a process that is a Management Control Point (MCP)



Indicates the end of a process



Indicates the direction of the process



Indicates simultaneous action between multiple swim lanes

ORQ-001 Identifies the process flow by functional area. As referenced in Table 1-1, the letter indicates the functional area, and the four-digit number indicates the unique identifier.

- **Management Control Point (MCP).** Identifies points where reconciliation, review, accuracy checks, and approval processes are performed.
- **Appendices.** Provides supplemental information relevant to the Operating Materials & Supplies Process Flow Document.
 - **Appendix A.** *Table of Source Documents* lists various source documents used to create documents in the financial management system.
 - **Appendix B.** *Management Reports Table* illustrates the management reports that are generated during the processing of business events.
 - **Appendix C.** *Acronyms* consists of a comprehensive list of Operating Materials & Supplies Process Flow acronyms. The acronym and its expansion are organized alphabetically.



2.0 REQUISITION

Overview. Requisition is an authoritative demand or request especially for personnel, supplies, or services authorized, but not made available without specific request. Any form of tangible personal property which is purchased and held for use will fall under requisition business event. "Purchased" is defined as when title passes to the purchasing entity.

Requirements. Marine Corps Order P4400.150-E, *Consumer-Level Supply Policy Manual*, discusses reviews and inspections of unit procedures.

- Each unit must requisition equipment deficiencies and repair parts requirements, perform follow up procedures for all outstanding requisitions, and receipt for all items as requisitions are filled. This action is accomplished either entirely through Ammunition Transfer Point (ATP) or through the Supported Activities Supply System (SASSY) via Asset Tracking Logistics and Supply System (ATLASS).

The Statement of Federal Financial Accounting Standards (SFFAS) No.3, *Accounting For Inventory And Related Property*, states the following requirements for requisition:

- If the contract between the buyer and the seller is silent regarding passage of title, title is assumed to pass upon delivery of the goods.
- The purchase method may be applied to operating materials and supplies if
 - Operating materials and supplies are not significant amounts
 - They are in the hands of the end user for use in normal operations
 - It is not cost beneficial to apply the consumption method of accounting
- The purchase method provides that Operating Materials and Supplies (OM&S) be expensed when purchased.

The Department of Defense Financial Management Regulation (DODFMR), Volume 11B, Chapter 55, *Inventory and Supply Management Operations*, outlines the following requirements for OM&S accounting:

- OM&S are valued on the basis of historical (i.e., the amount paid for the materials and supplies by the receiving activity) cost. For example:
 - Donated OM&S are valued at their fair value at the time of donation.
 - Excess, obsolete, or unserviceable OM&S are to be valued at their estimated net realizable value.



The Department of Defense Financial Management Regulation (DODFMR), Volume 4, Chapter 4, *Operating Materials and Supplies Stock Pile Materials*, provides guidance for Operating Materials and Supplies (OM&S) accounting.

Process Flows. The following process flows are included in the Requisition process:

- Requisition-General
- Requisition-Purchase and Stock
- Requisition-Procurement Request (PR) Builder
- Requisition-Government-Wide Commercial Purchase Card (GCPC)
- Requisition-Direct Support Supply Center (DSSC)
- Requisition-Maintenance Float
- Requisition-Repairable Stock Purchase
- Requisition-Repair Part
- Requisition-Comparable Repair Part
- Requisition-Receipt of Purchase

Narratives:

Requisition-General: The requisition-general process is completed when personnel determine that a requisition for supplies needs to be completed. Once the need for supplies has been identified, the Requestor will forward the request to the Supply Office. The Supply Office will then conduct research on the item requested. If the item does not have a National Stock Number (NSN) an alternate process must be completed. If the item has a NSN, the Supply Office will create a transaction in the Asset Tracking Logistics and Supply System (ATLASS).

Once the transaction has been recorded in ATLASS, the Supported Activities Supply System (SASSY) Manage Unit (SMU) processes the transaction and determines whether it is valid. If the transaction is not valid, it will fall on the error report and need to be recorded again properly. If the transaction is valid and the requested supplies are on hand, the SMU will deliver the stock on hand. If the supplies are not on hand, the SMU will identify if the item is a free issue item or if the funds are available to purchase the item. In both cases the request is provided to the Item Manager. If the funds are not available the Fiscal Office will be notified. Once the Item Manager receives the request, the Item Manager will then process the request and provide a status to the requestor if the item is not readily available.

Requisition-Purchase and Stock: The requisition-purchase and stock process is completed in order to ensure that supplies that are in high demand are always readily available. The SMU will create a requisition, identify the stock needs, and record the request transaction into SASSY. Once the request is recorded into SASSY, the SMU will then record a commitment in the Standard Accounting, Budgeting, and Reporting System (SABRS). The SMU then determines whether the funds are available to forward the requisition to wholesale. If the funds are not available the Fiscal Office will be notified. Once the funds are available the Item Manager will be notified via the Defense



Automated Addressing System Center (DAASC) of the request. Once the Item Manager receives the request, the Item Manager will then process the request and provide a status to the requestor if the item is not readily available.

Requisition-PR Builder: The Procurement Request (PR) Builder program enables units to submit their procurement requests (PR) through the web-based PR Builder program. PR Builder has the ability to interface with the Standard Accounting, Budgeting, and Reporting System (SABRS) to automatically commit funds. This process enables units to procure items more efficiently. The process begins when the Customer forwards an item request via PR Builder to the Comptroller. Upon receipt of the request, the Comptroller will determine whether to accept the item request and identify whether the funds are available for the purchase. If rejected or if the funds are not available, the Comptroller will notify the Customer that it has been disapproved. When the item request has been accepted, the Comptroller will then send a funding transaction request to the SABRS. Once the funding has been approved, the commitment will be recorded in the SABRS.

Requisition-GCPC: The Government-Wide Commercial Purchase Card (GCPC) is used primarily used for micro-purchases or those valued at \$2,500 or less. The GCPC program provides (1) a streamlined purchasing process that eliminates the use of purchase orders and reduces administrative costs, and (2) an improved payment process that allows fully automated invoicing and payment processing.

The process begins when the Supply Office receives a GCPC request from a customer. If it is determined that the item can be purchased with the GCPC, the Supply Office will then forward the request to the Approving Officer. If the Approving Office determines that the funds are not available, the Approving Officer will notify the Supply Office that it has been disapproved and possibly provide an alternate purchasing method. If the request is approved by the Approving Officer, the request is forwarded back to the Supply Office and the purchase is made. The Supply Office will then retain the receipt and ensure that the Customer receives the procured items.

Requisition-DSSC: The Direct Support Supply Centre (DSSC) provides timely support to the customer for low-cost, fast-moving, consumable items. Utilizing a retail concept, these issue points are generally available for authorized customer's personal selection or on demand without formal requisitioning. The Supply Office completes the DSSC form to receive a credit card to begin the Requisition DSSC process. Once the form is completed, a supply list is delivered to the DSSC from the Supply Office. Upon receipt of the supply list, the DSSC purchases the items. The DSSC forwards a receipt to the Supply Office. The Supply Office posts a To End Use (B7A) transaction in SASSY and reconciles the transaction.

Requisition-Maintenance Float: The purpose of the Maintenance Float is to provide a significant quantity of essential and maintenance equipment to permit the withdrawal of equipment from organizations for scheduled maintenance/overhaul without taking away from a unit's readiness condition. The Maintenance Float process involves the stockage



of authorized equipment at installations or activities for replacement of unserviceable items of equipment when immediate repair of unserviceable equipment cannot be accomplished at the organic level of maintenance. The process starts when the Mechanic receives request for parts from unit and delivers the parts to the Float Activity.

The Float Activity, upon receipt of the parts from the Mechanic identifies if there are parts available for exchange or not. Inventory float transaction is processed in the Storage Retrieval Assets Tracking Information System (STRATIS) to issue new parts in exchange for carcasses. The STRATIS enables the Marines to check inventory and track items any time of the day via the use of hand-held computers. The requesting unit is charged full price to order a new part if the parts are not available for exchange. The Float Activity will repair a repairable item for the mechanic or will forward the carcass of the non-repairable item to the Wholesale for replacement.

Requisition-Repairable Stock Purchase: The requisition-repairable stock purchase process involves the acquisition of inventory items that are not available in the maintenance float stock for consumption using the Supported Activities Supply System (SASSY). The process begins when the Float Manager receives the stock request. The Float Manager then determines if the carcasses are repairable. If the carcasses are repairable, the Float Manager issues the carcasses to maintenance. A due-in reorder is then created in SASSY to complete the process. If the carcasses are not repairable, the Float Manager completes a requisition to purchase new property. The Float Manager then processes a Zero Base Review transaction in SASSY.

Upon receipt of the purchased items, the Float Manager refills the backorders if there are outstanding backorders. If there are not outstanding backorders, the Float Manager retains the items in the warehouse.

Requisition-Repair Part: The requisition-repair part process is completed when the request for the repairable item is fulfilled by the float activity issuing the requested part to the Mechanic. The process begins when the Mechanic identifies the part to be repaired. A request is forwarded to the Float Manager along with the carcass by the Mechanic.

Upon receipt of the repairable part and carcass, the Float Manager identifies if the part is on hand. If the part is available, the Float Manager issues the part to the mechanic. If the part is not available, the Mechanic will be issued a “backorder” for the required part.

Requisition-Comparable Repair Part: The requisition-comparable part involves the process by which either at the depot or field levels an item of supply is subjected to economical repair. The process begins when a mechanic identifies the need for repair parts and conducts research to find the part number and the National Stock Number (NSN). When a broken piece of equipment, whether a principal end item (PEI), such as an Amphibious Assault Vehicle (AAV), or a secondary repairable, such as an AAV transmission, is inducted into the shop, an Equipment Repair Order (ERO) is opened in the Marine Corps Integrated Maintenance Management System (MIMMS). The ERO is a computerized tracking form for all actions on this piece of equipment, including



tracking time spent in each phase of repair (inspection, awaiting shop space or parts, etc.), defects noted and man-hours expended, and parts requisitioned and the status of those requisitions.

The Mechanic completes the Equipment Repair Shopping List (EROSL) and forwards it to the Supply Office where pertinent repair part data is entered into Marine Corps Integrated Maintenance Management System (MIMMS) via Asset Tracking For logistics and Supply System (ATLASS). The Supply Office processes the Notification of Stock Selection/Denial (4 Card) transaction and Property Control (ZO_) transactions and forwards the transaction file to the Supported Activities Supply System (SASSY) Management Unit (SMU) via email. The SMU processes the 00_transaction into the supply system and determines if the record is valid in the supply system. If the record is not valid, the SMU generates an error in SASSY and forwards the report to the using unit for review. If the record is valid, and the request can be filed the SMU delivers the stock on hand. If the request can not be filed, the SMU will identify if the item is a free issue item or if the funds are available to purchase the item. In both cases the request is forwarded to the Item Manager. If the funds are not available, the Fiscal Office is notified via an error report. The Fiscal Office will then forward the valid requisition to the Item Manager and delete the invalid transaction.

Once the Item Manager receives the request from the Defense Automated Addressing System (DAASC) and checks for the item availability. If the requested repair part is available the Items Manager sends the requested item to the requestor. If the requested repair part is not available, the requester is notified of the item status.

Requisition-Receipt of Purchase: The requisition-receipt of purchase process involves all actions taken by a Supply Office (receiving activity) from the physical turnover of material by a carrier. The Supply Office will update the on-hand balance of the accountable stock record file, or in-process receipt file, to reflect that the item has been received. The item received is then recorded as an asset in storage, or as the material issued directly from Supply Office to the customer. The Supply Office receives the requested items and inducts a receipt transaction. The Supply Office will then determine whether the requested item is a consumable part. If the requested item is a consumable part, the Supply Office notifies the management to pick up or deliver the item. The Supply Office then issues the item to the requestor after the requester signs for the item. If the item received is not a consumable part, the Supply Office will create a receipt for the item and will add it to the property record.



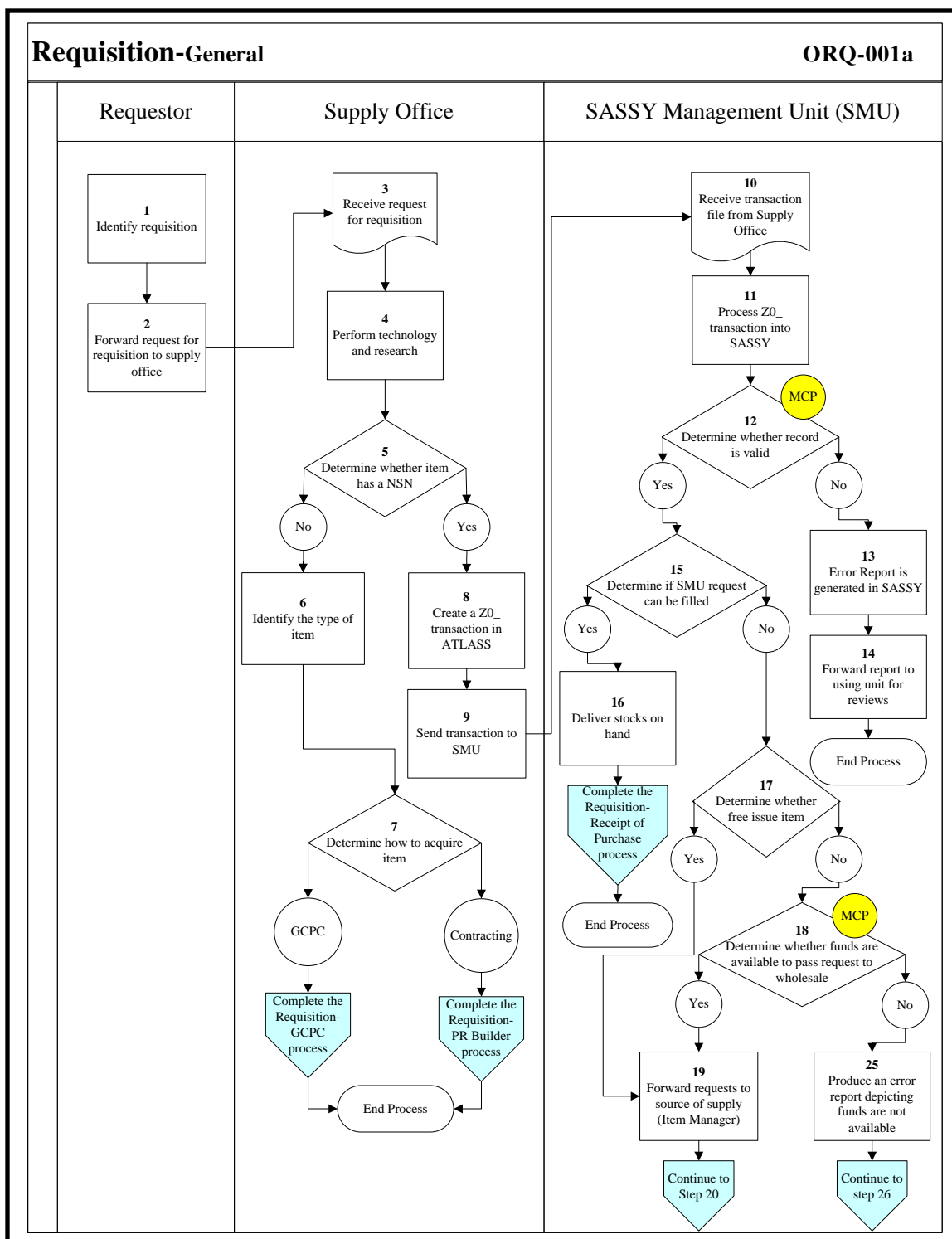
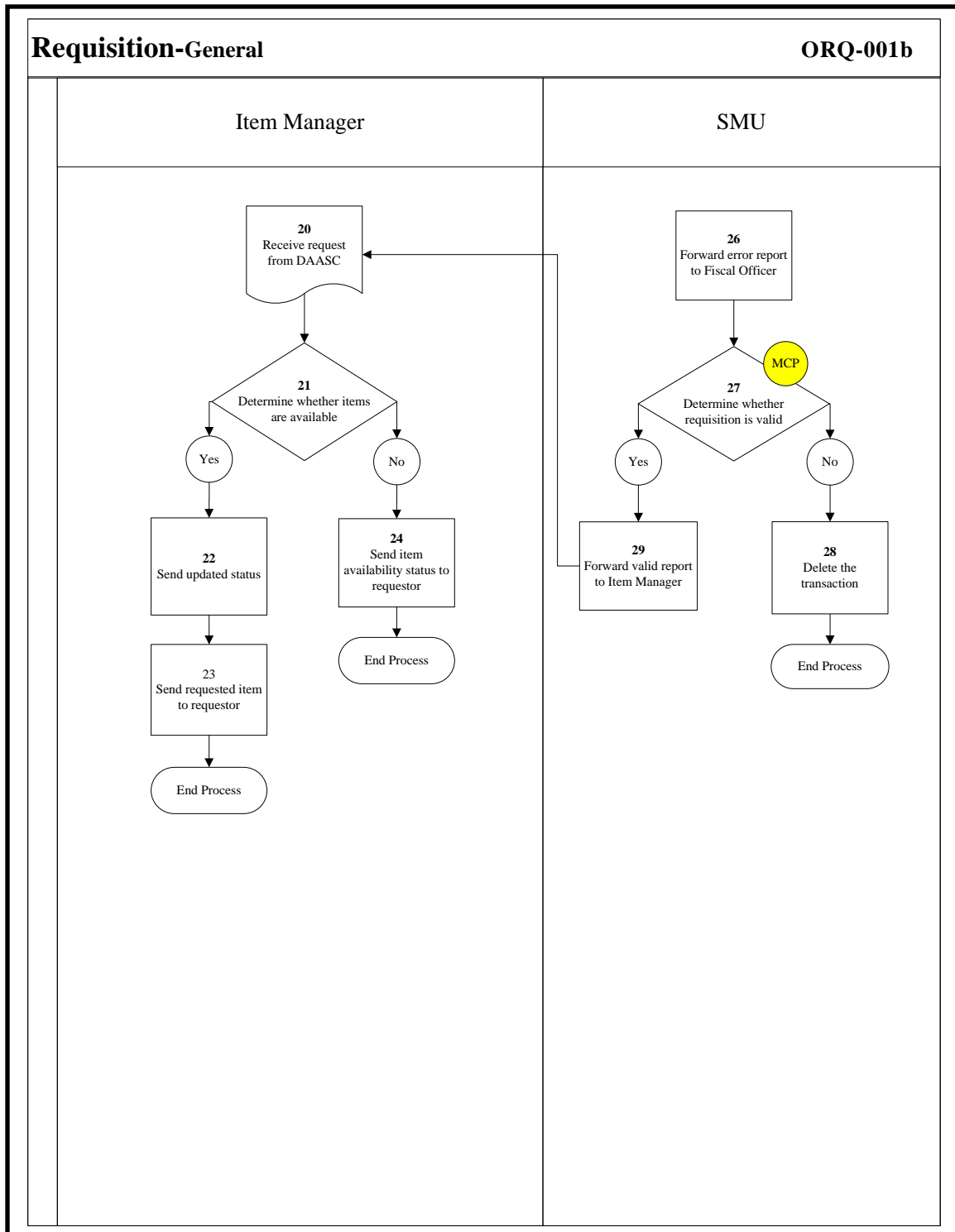
Process Flow:

Figure 2-1. Requisition-General.



Process Flow:**Figure 2-1. Requisition-General (cont.).**

Management Control Point (MCP). In Figure 2-1, *Requisition-General*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a general requisition:

- The Supported Activities Supply System (SASSY) Management Unit (SMU) determines whether the record is valid.
- The SMU determines whether funds are available to pass request to wholesale.
- The SMU determines whether the requisition is valid.



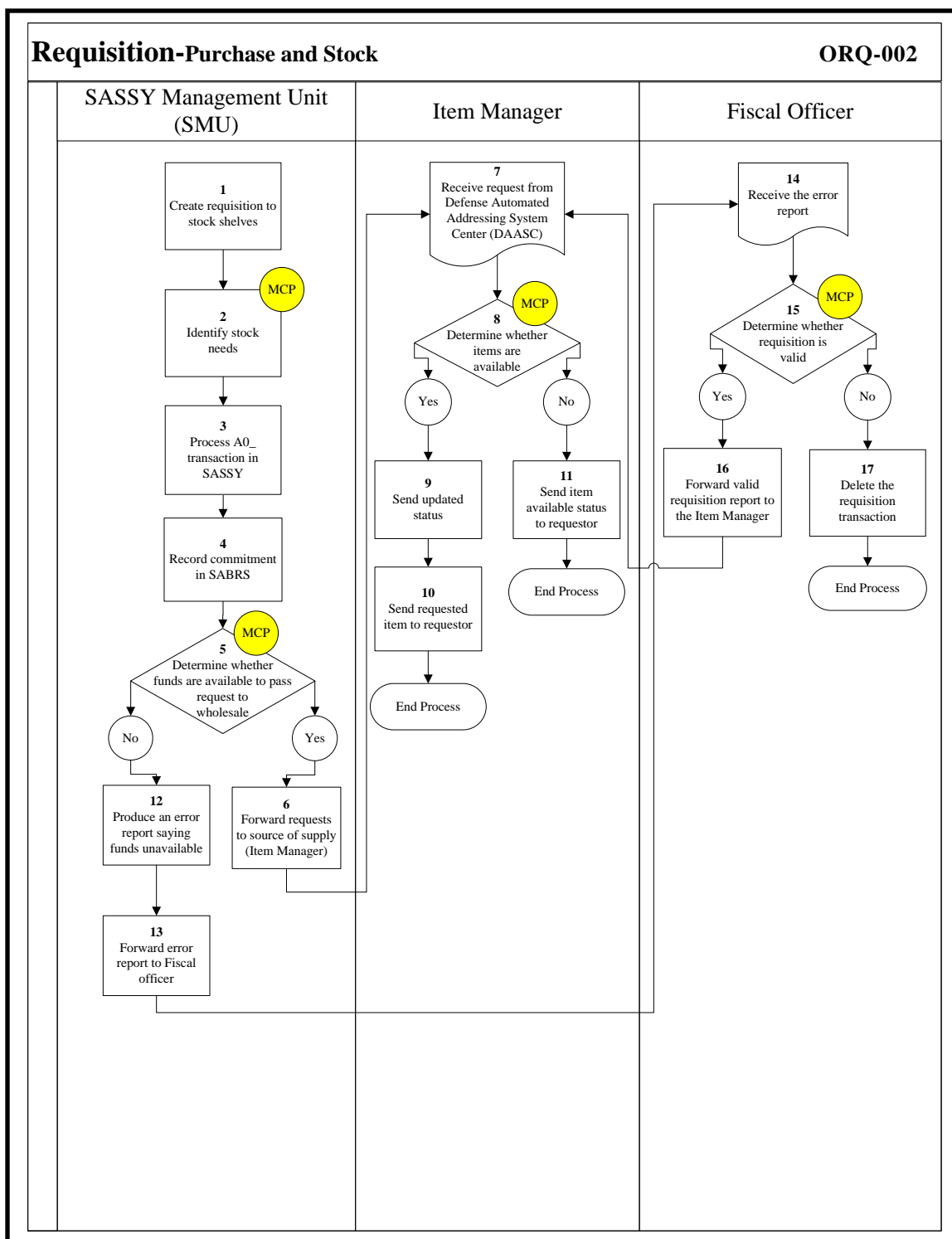
Process Flow:

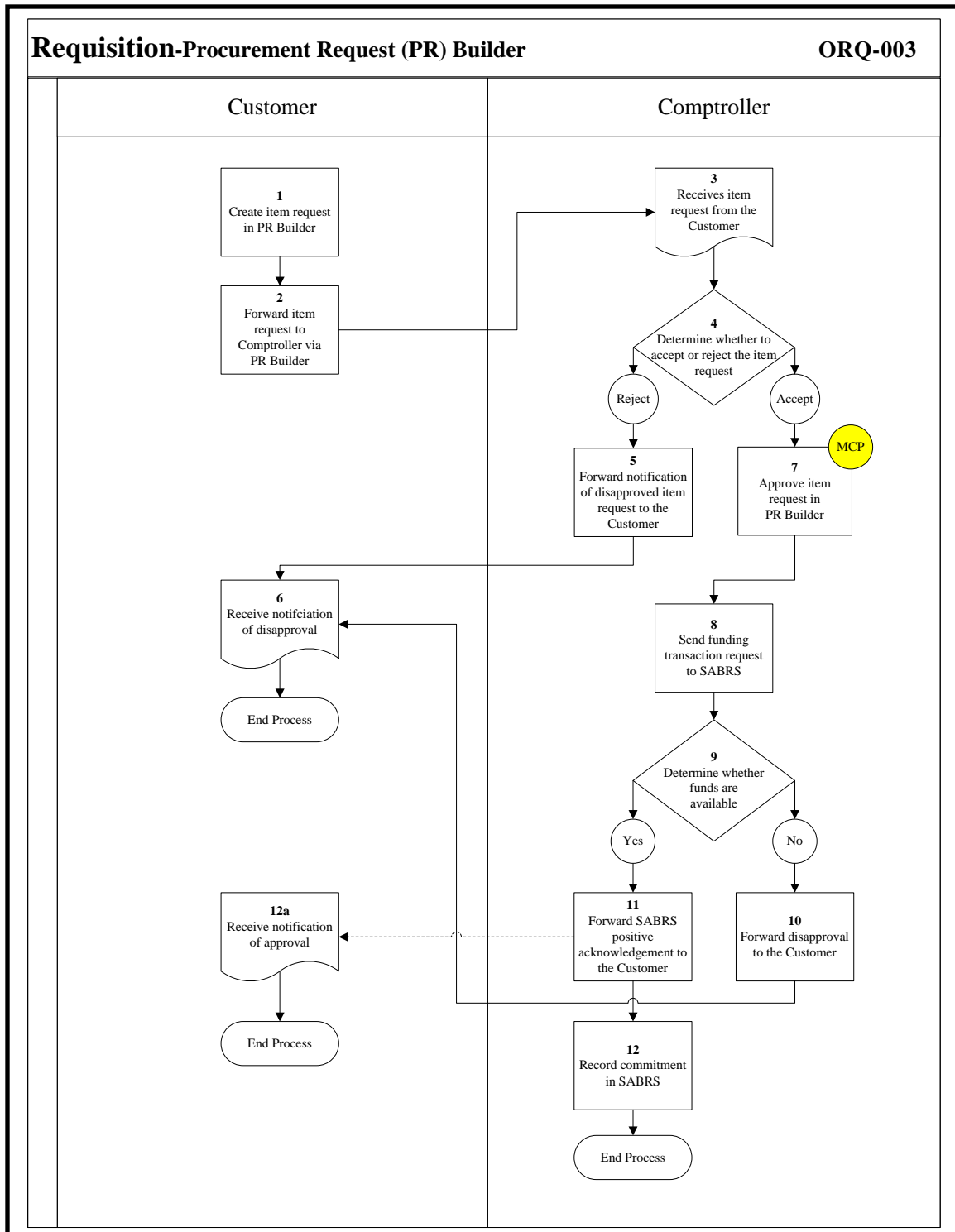
Figure 2-2. Requisition-Purchase and Stock.



Management Control Point (MCP). In Figure 2-2, *Requisition-Purchase and Stock*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of purchase and stock:

- The Supported Activities Supply System (SASSY) Management Unit (SMU) identifies stock needs.
- The SMU determines whether funds are available to pass request to wholesale.
- The Item Manager determines whether the items are available.
- The Fiscal Officer determines whether the requisition is valid.

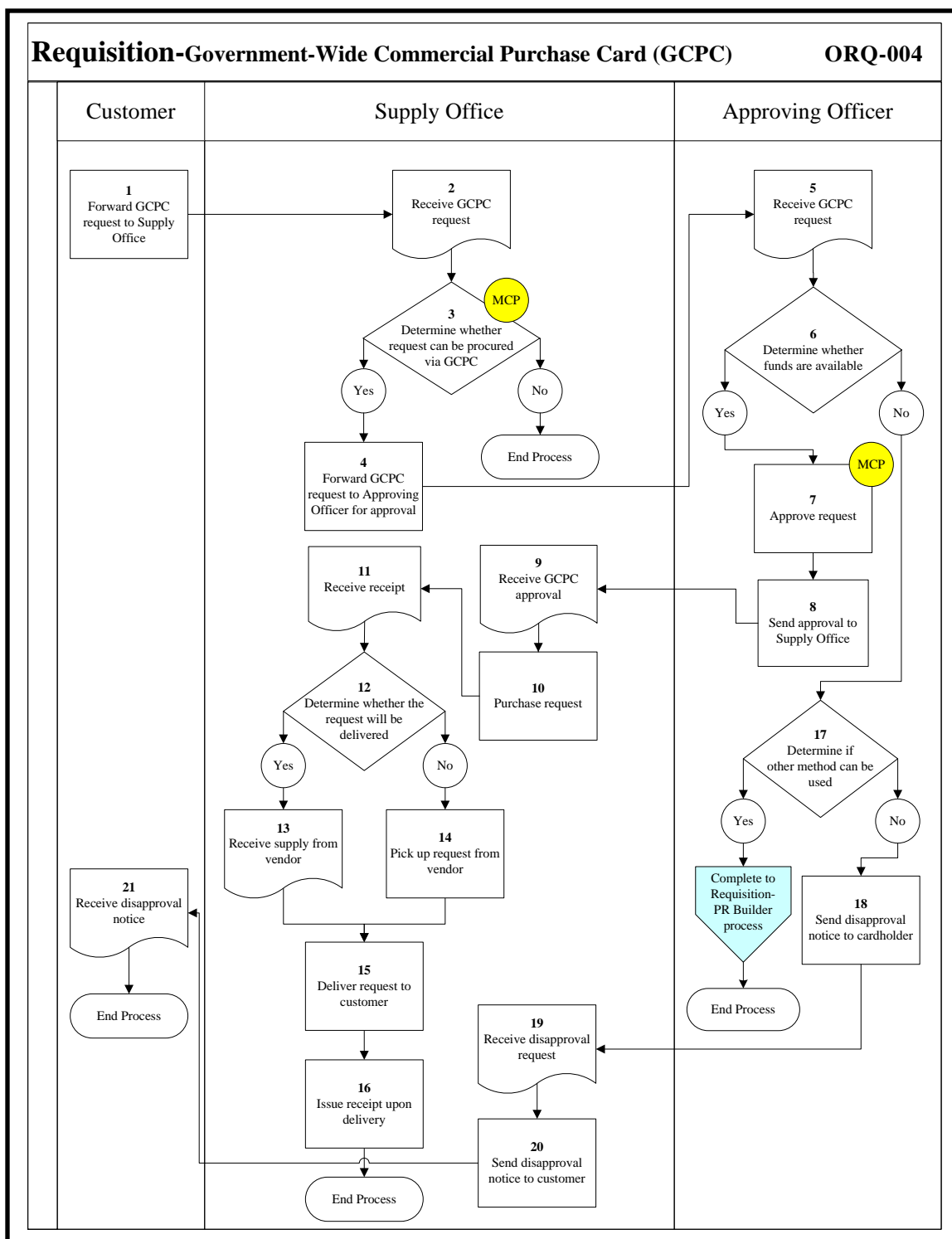


Process Flow:**Figure 2-3. Requisition-PR Builder.**

Management Control Point (MCP). In Figure 2-3, *Requisition-Procurement Request (PR) Builder*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a PR Builder requisition:

- The Comptroller approves the item request in the PR Builder.

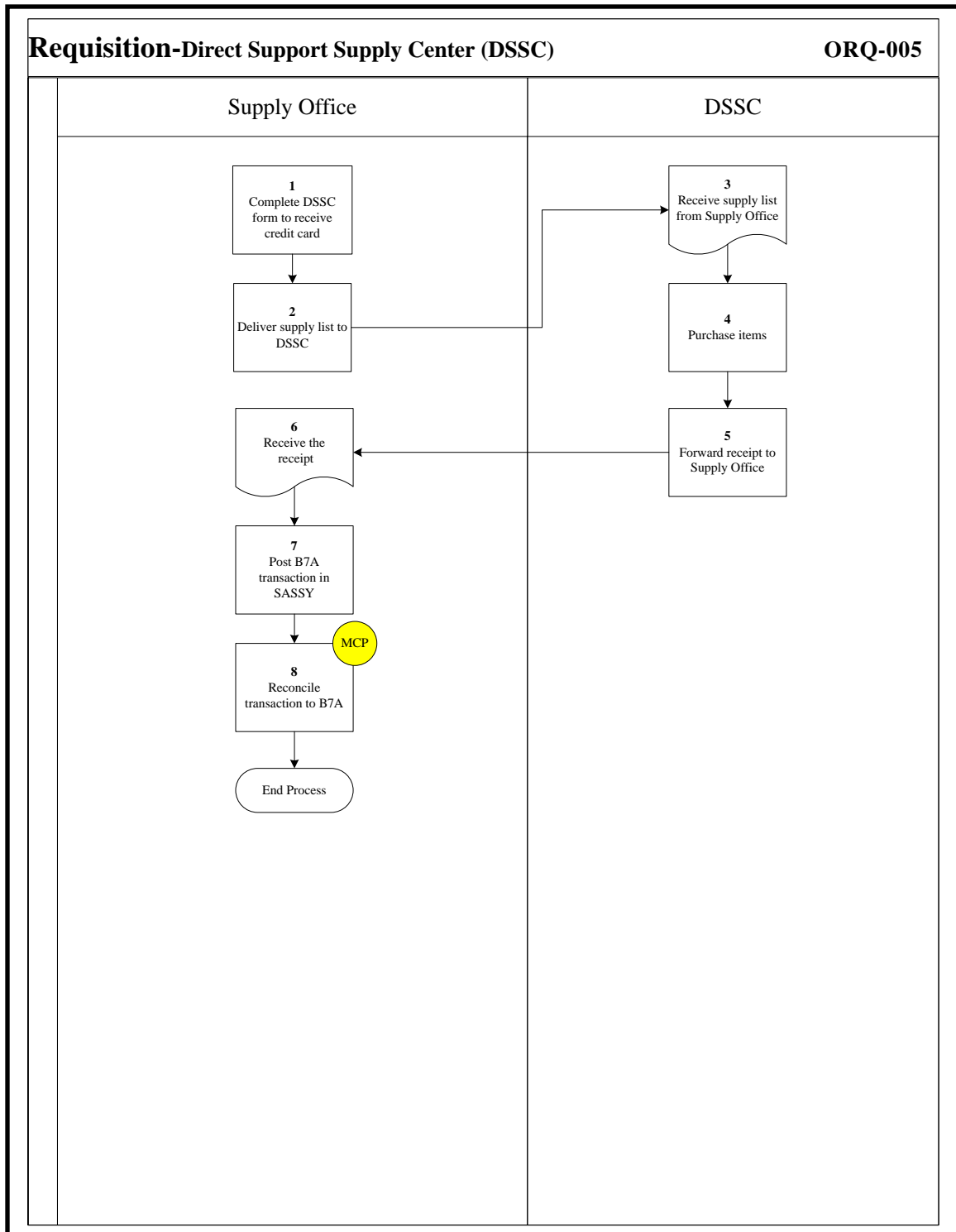


Process Flow:**Figure 2-4. Requisition-GCPC.**

Management Control Point (MCP). In Figure 2-4, *Requisition-Government-Wide Commercial Purchase Card (GCPC)*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a GCPC requisition:

- The Supply Office determines whether the request can be procured via GCPC.
- The Approving Officer approves the request.



Process Flow:**Figure 2-5. Requisition-DSSC.**

Management Control Point (MCP). In Figure 2-5, *Requisition-Direct Supply Support Center (DSSC)*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of aDSSC requisition:

- The Supply Office reconciles the To End Use (B7A) transaction in Supported Activities Supply System (SASSY).



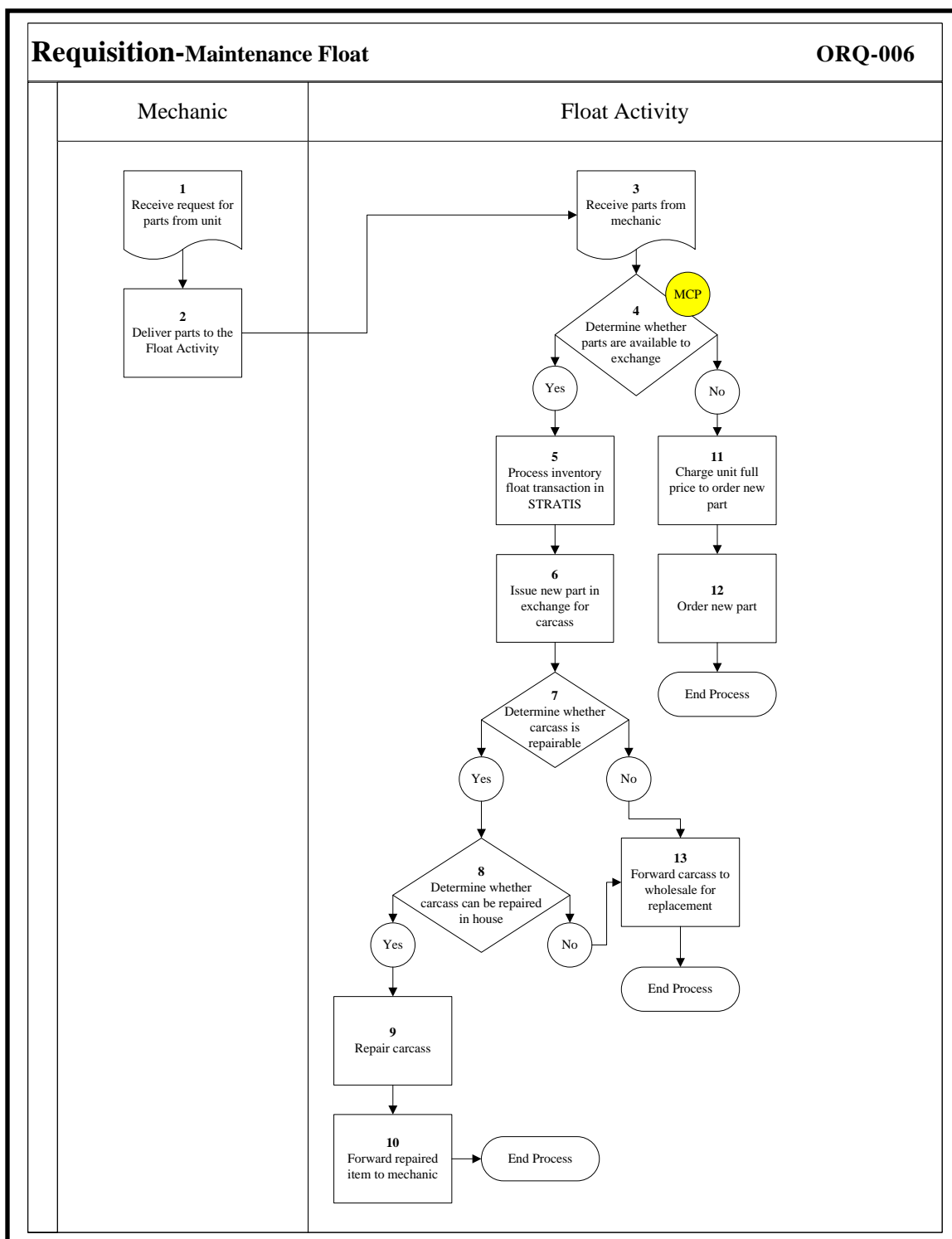
Process Flow:

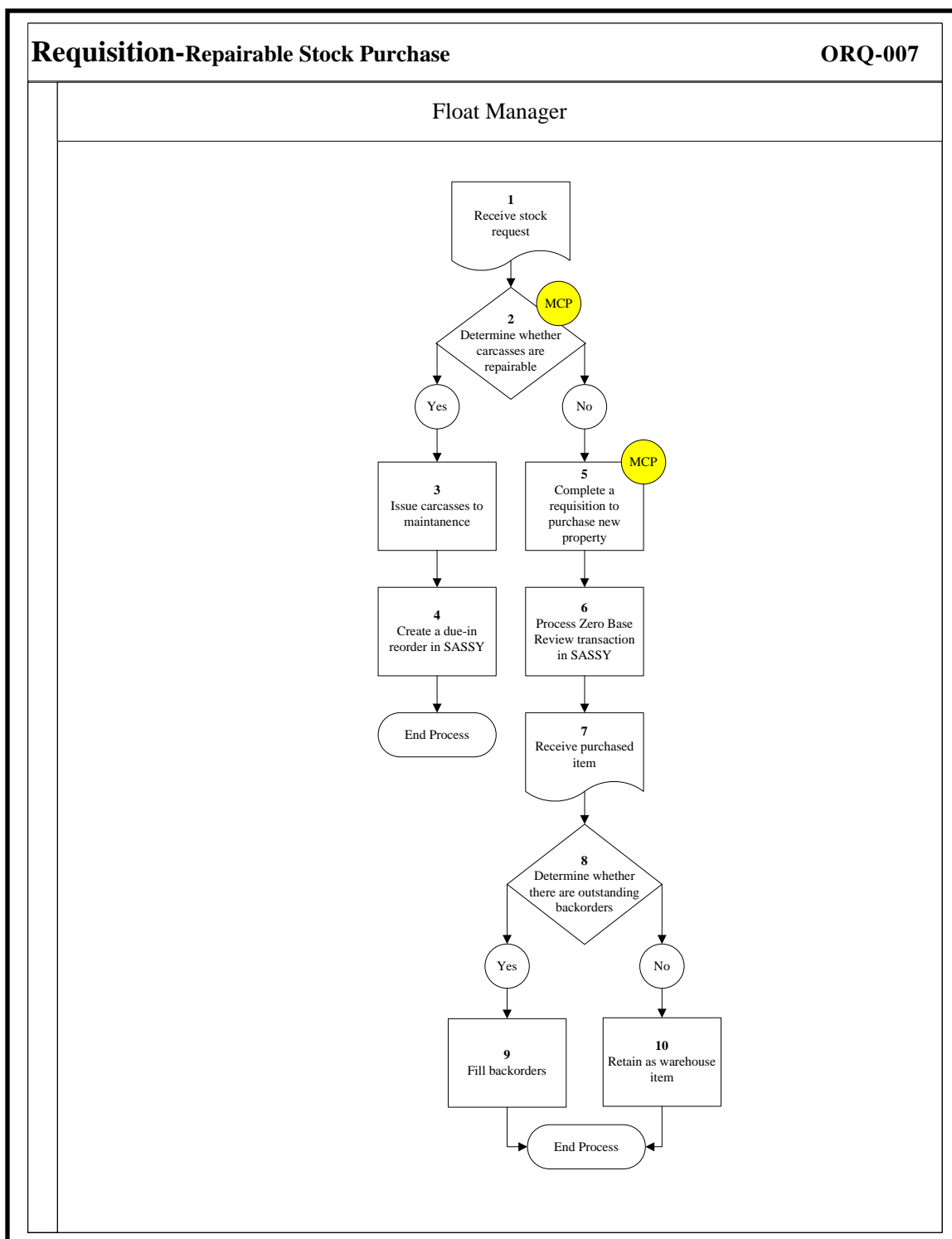
Figure 2-6. Requisition-Maintenance Float.



Management Control Point (MCP). In Figure 2-6, *Requisition-Maintenance Float*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a maintenance float requisition:

- The Float Activity determines whether parts are available to exchange.



Process Flow:**Figure 2-7. Requisition-Repairable Stock Purchase.**

Management Control Point (MCP). In Figure 2-7, *Requisition-Repairable Stock Purchase*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a repairable stock purchase requisition:

- The Float Manager determines whether the carcasses are repairable.
- The Float Manager completes a requisition to purchase new property.



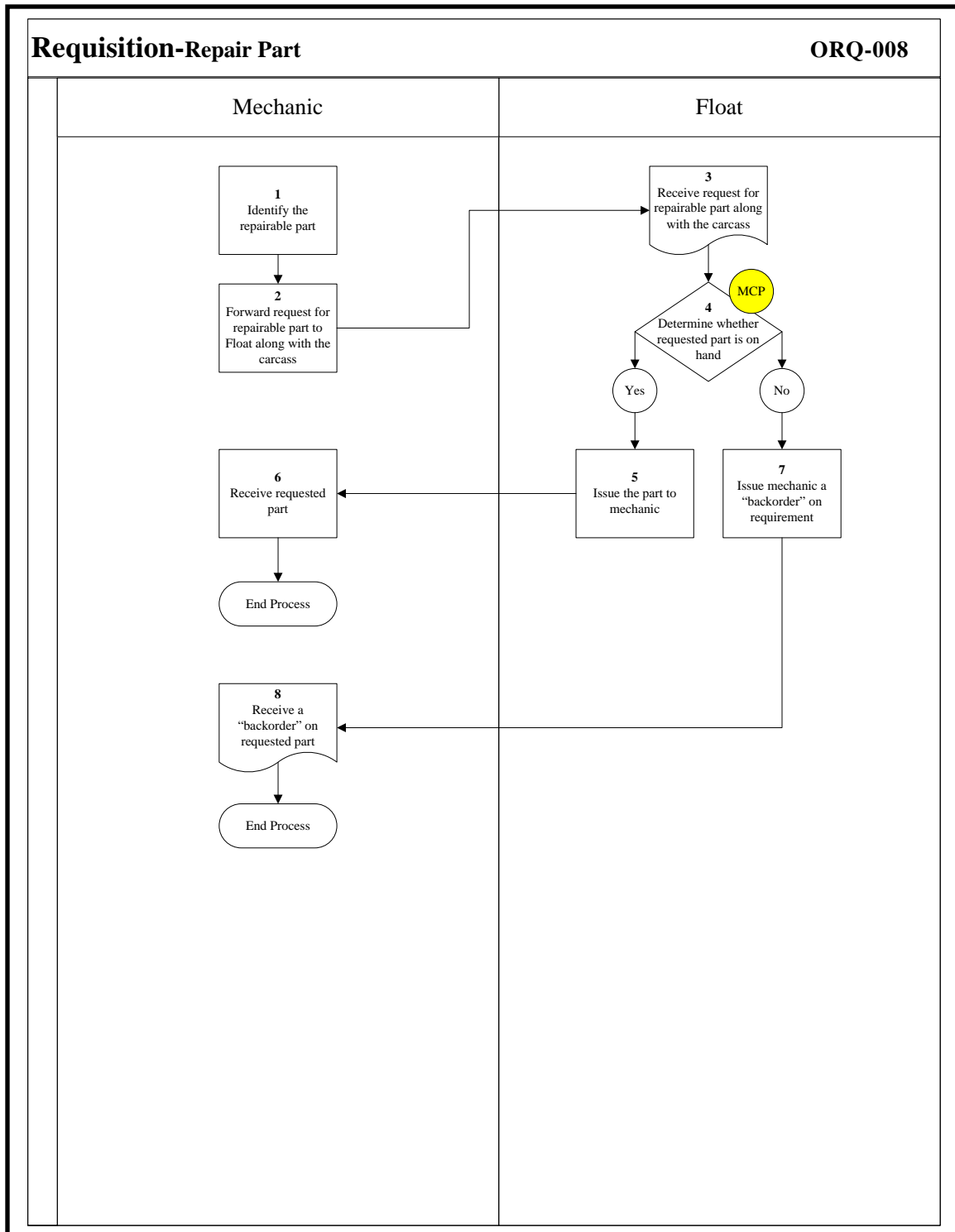
Process Flow:

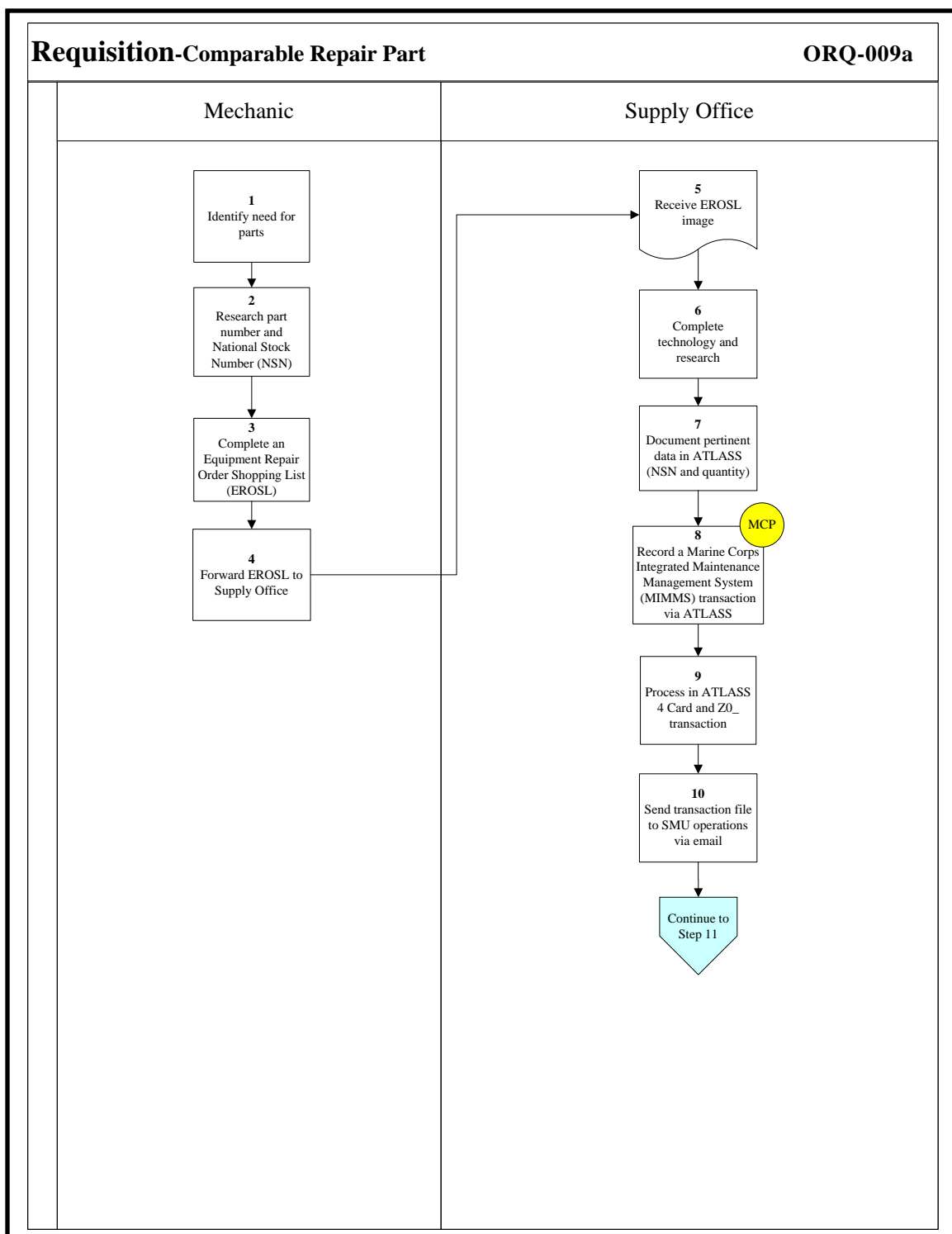
Figure 2-8. Requisition-Repair Part.



Management Control Point (MCP). In Figure 2-8, *Requisition-Repair Part*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a repair part requisition:

- The Float determines whether requested part is on hand.



Process Flow:**Figure 2-9. Requisition-Comparable Repair Part.**

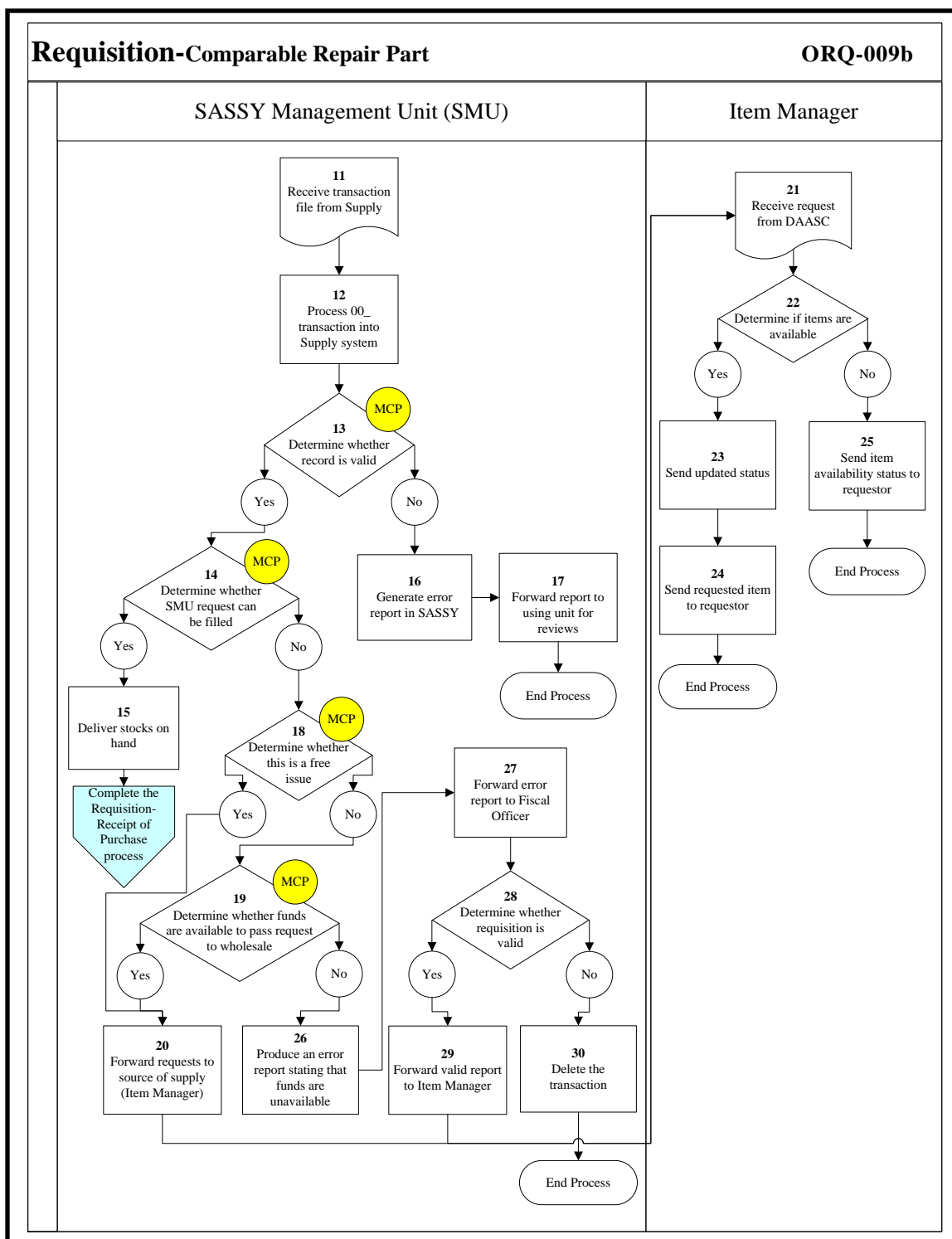
Process Flow:

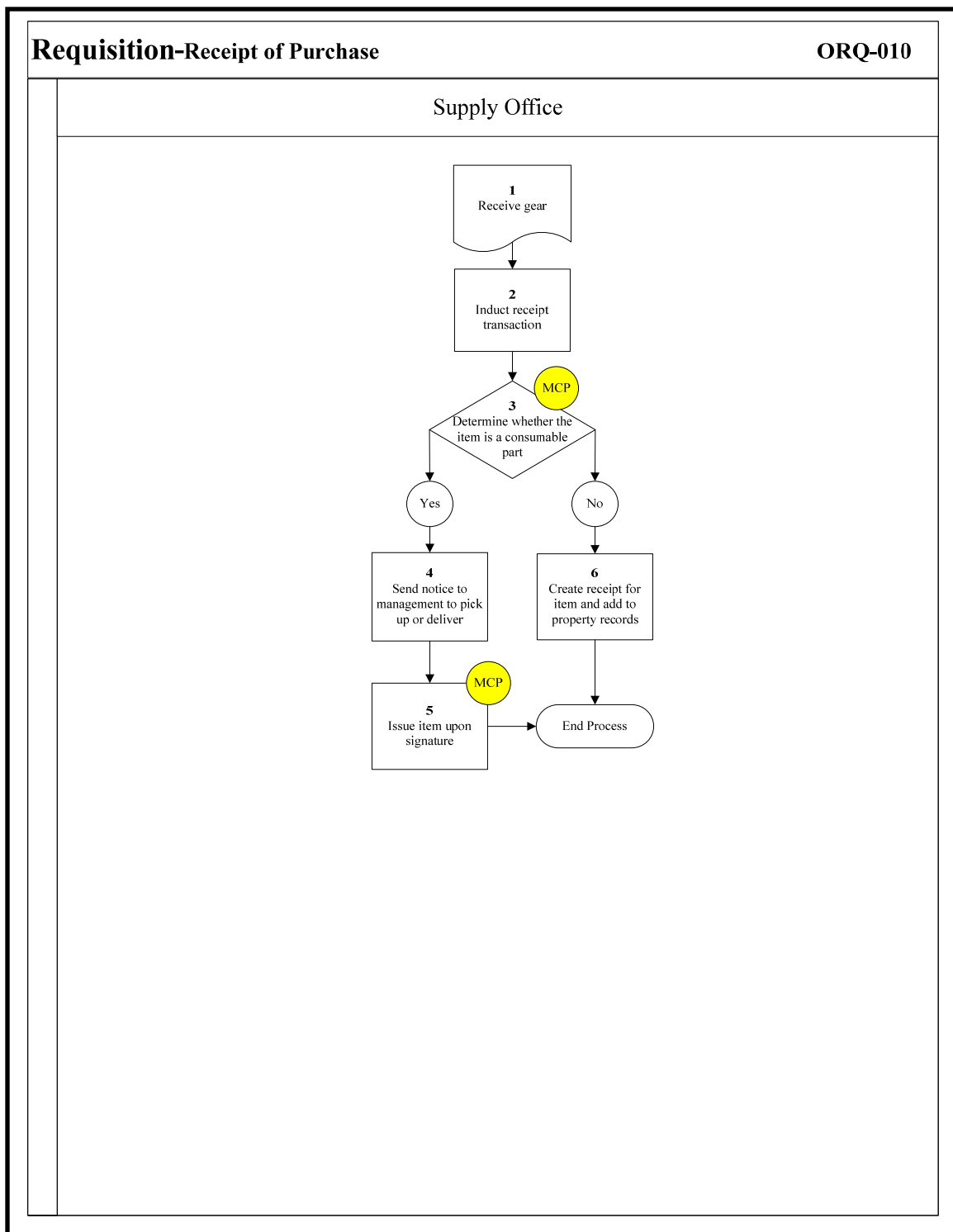
Figure 2-9. Requisition-Comparable Repair Part (cont.).



Management Control Point (MCP). In Figure 2-9, *Requisition-Comparable Repair Part*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a comparable repair part requisition:

- The Supply Office records a Marine Corps Integrated Maintenance Management System (MIMMS) transaction via Asset Tracking Logistics and Supply System (ATLASS).
- The Supported Activities Supply System (SASSY) Management Unit (SMU) determines whether the record is valid in the supply system.
- The SMU determines whether a SMU request can be filed or not.
- The SMU determines whether item is a free issue or not.
- The SMU determines whether funds are available to pass the request to wholesale.



Process Flow:**Figure 2-10. Requisition-Receipt of Purchase.**

Management Control Point (MCP). In Figure 2-10, *Requisition-Receipt of Purchase*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a receipt of purchase requisition:

- The Supply Office determines whether the requested item is a consumable part.
- The Supply Office issues the item upon signature.



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3.0 PROPERTY CONTROL

Overview. Property control is the phase of military logistics which includes managing, cataloging, requirement determinations, procurement, distribution, overhaul, and disposal of material. Property control is also called inventory management, material control, material management, and supply management.

Requirements. Marine Corps Order P4400.150-E, *Consumer-Level Supply Policy Manual*, chapter 2, *Inventory Control Policy*, provides guidance for inventory control:

- The Marine Corps mission requires a high degree of operational readiness so that tasks assigned can be accomplished. For unit commanders to exercise command responsibility in supply operations, property control must be meticulously maintained. A commander will not be restricted from exercising the prerogative to effect intra command distribution of supplies and equipment to accomplish operational.
- All property should be physically inventoried at least once a year. Consolidated Memorandum Receipts (CMR)/Section Material Files (SMF) should be reconciled quarterly unless the major subordinate command has documented a semiannual time frame.
- Ensure that incident to a change of Responsible Officers (ROs), a physical inventory (preferably a joint effort between incoming and outgoing RO) is accomplished within 15 days of appointment.
- Ensure that CMR/SMF adjustments are forwarded to the Commanding Officer (CO) within five days.
- Ensure the Voucher file is maintained in accordance with the guidance in order to provide a clear audit trail for accountability purposes.
- Each unit must ensure Table of Equipment (T/E) assets are accurately accounted for. The CO is "accountable" by virtue of his billet, while the Supply Officer and other individuals are merely "responsible" within the purview of their assignments.

The Statement of Federal Financial Accounting Standards (SFFAS) No.3, *Accounting For Inventory And Related Property*, states the following guidance for excess, obsolete, or unserviceable operating materials and supplies:

- "Excess Operating Materials and Supplies" are stocks that exceed the amount expected to be used in normal operations because the amount on hand is more than can be used in the foreseeable future and that do not meet management's criteria to be held in reserve for future use. "Obsolete OM&S" that are no longer



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needed due to changes in technology, laws, customs, or operations.

"Unserviceable Operating Materials and Supplies (OM&S)" are physically damaged and cannot be consumed in operations.

- The category "excess, obsolete and unserviceable OM&S" shall be either (1) included in the OM&S line item on the face of the financial statements with separate disclosure in footnotes or (2) shown as a separate line item on the face of the financial statements. Such OM&S shall be valued at their estimated net realizable value. The difference between the carrying amount of the OM&S before identification as excess, obsolete or unserviceable and their estimated net realizable value shall be recognized as a loss (or gain) and either reported separately or disclosed. Any subsequent adjustments to their estimated net realizable value or any loss (or gain) upon disposal shall also be recognized as a loss (or gain).
- Management will develop and disclose in the financial statements its criteria for identifying excess, obsolete, and unserviceable OM&S.

Process Flows. The following process flows are included in the for Property Control process:

- Property Control-General
- Property Control-Dispose Locally
- Property Control-Evacuate to Depot
- Property Control-Retain and Repair
- Property Control-Return and Reorder

Narratives:

Property Control-General: The property control-general process for Marine Corps logistics includes managing, cataloging, requirement determinations, procurement, distribution, overhaul, and disposal of material. The process begins when the Mechanic receives the property control item and determines whether it is repairable or not. If the property control item is repairable, the Mechanic repairs the item. If the item is not repairable, the Mechanic includes it in the Recoverable Items Report (WIR) and submits it to the Wholesale for further action. The Wholesale department, based on the WIR, determines the course of action. The Wholesale can dispose the item locally, evacuate it to depot, retain and repair the item or return the item to the Supply Office with reordering instructions via WIR. In any case, the Wholesale must execute a respective process to complete the Property Control tasks.

Property Control-Dispose Locally: The property control-dispose locally process is completed when the expired shelf life materials are removed from supply system stock and disposed of through the local Defense Revitalization and Marketing Office (DRMO). The Dispose Locally process involves the steps performed by the Mechanic and the Supply Office when the Wholesale decides to dispose the item locally. The Mechanic



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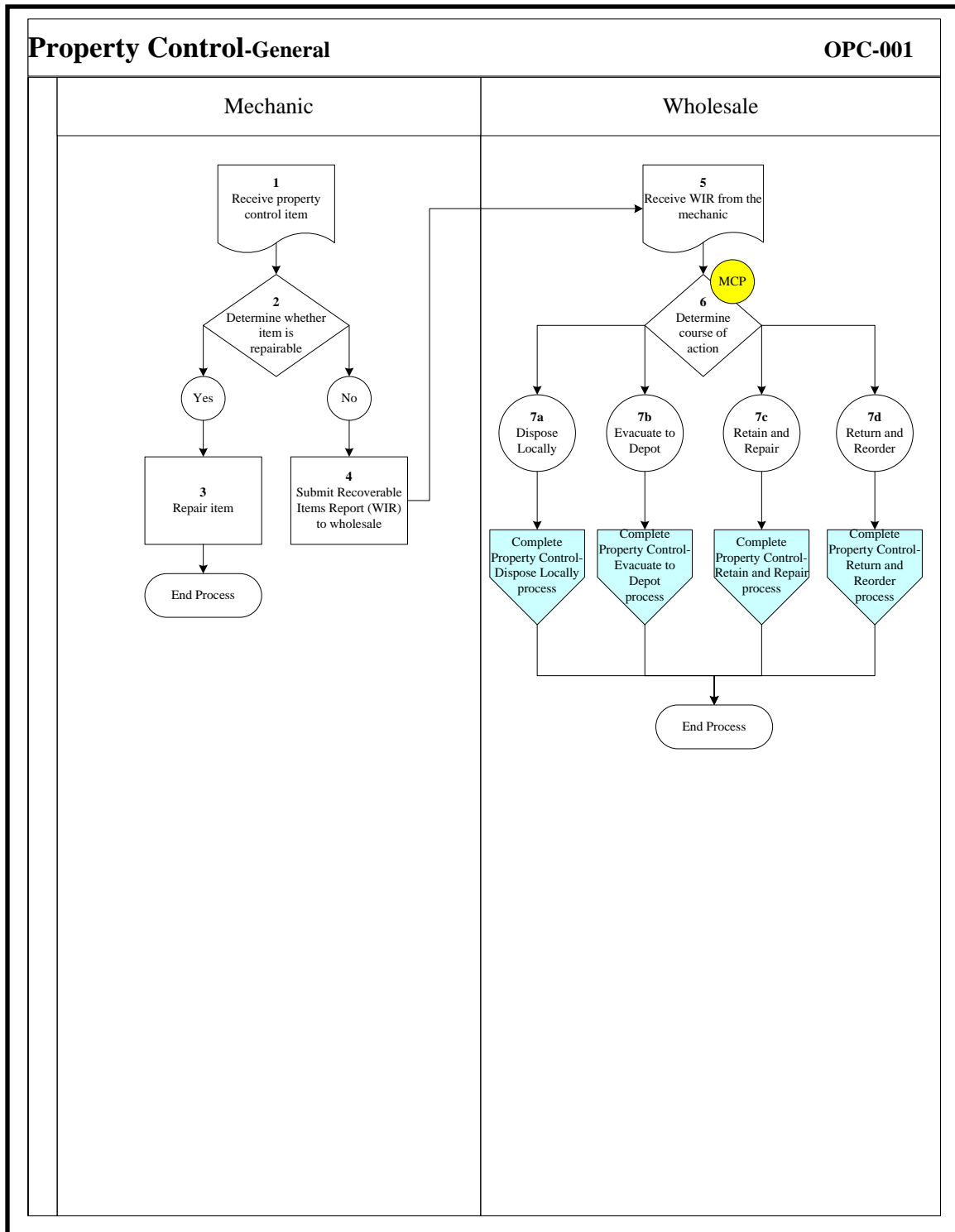
receives the dispose locally instructions via Recoverable Items Report (WIR) from Wholesale and returns the property control item to the Supply Office. The Supply Office submits the Dual Adjustment (DAD)/Disposal Authority Code (DAC) transactions in the Supported Activities Supply System (SASSY) to transfer the assets to the correct purpose codes and conditions codes. The Supply Office records the Issue Property Disposal (D7J) transaction code to issue assets to disposal and performs reconciliation between items in hand to allowance available.

Property Control-Evacuate to Depot: The property control-evacuate to depot process consists of coordinating the request for repair and delivery of repairable items between the command/unit Mechanic and the Maintenance Depot. If the item requiring repair is beyond the scope and capability of the unit it is evacuated to activity providing that capability. The receipt of the WIR by the command/unit Mechanic initiates the Evacuate to Depot process. The WIR lists the operating procedures required by the command/unit Mechanic to transfer a damaged or defective item to the Maintenance Depot in addition to a detailed record of the items that require to be repaired. Once the repaired or replenished items are back from the Maintenance Depot the command/unit Mechanic is required to complete a quality control check before the repaired or replenish items are returned to the requestor.

Property Control-Retain and Repair: The property control-repair and retain process involves retention of serviceable equipment in re-established location until repair is performed. The process begins once the command/unit Mechanic has received the WIR from the Wholesale. The WIR instructs the command/unit Mechanic to Retain and Repair the received damaged item(s).

Property Control-Return and Reorder: The property control-return and reorder process is completed when using command/unit returns the item from inventory to suppliers for credit or reimbursement. The command/unit will reorder the items if needed. The process is initiated once the command/unit Mechanic receives the WIR from the Wholesale. The WIR instructs the command/unit Mechanic to Return and Reorder the damage item(s) to the command/unit Supply Office. The Supply Office submits the DAD/DAC transactions in SASSY to transfer the assets to the correct purpose codes and conditions codes. The Supply Office also records the Issue Return Purchase (D7P) transaction code to issue returned purchases from inventory. Reconciliation is performed to control the command's supply inventory and accurately manage the replenishment and replacement of items within one supply account.



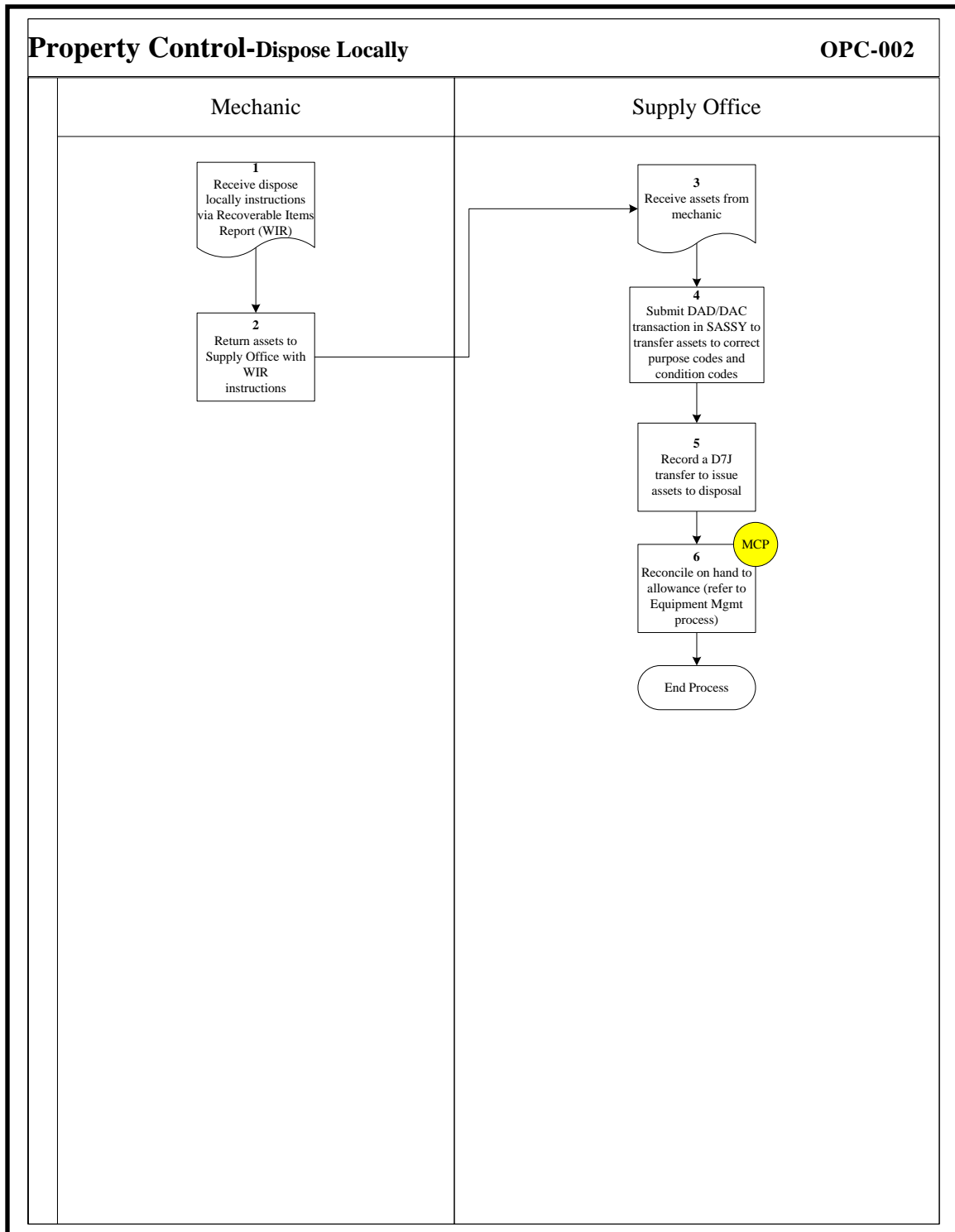
DRAFTProcess Flow:**Figure 3-1. Property Control-General.**

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Management Control Point (MCP). In Figure 3-1, *Property Control-General*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a general property control:

- Wholesale determines the course of action.



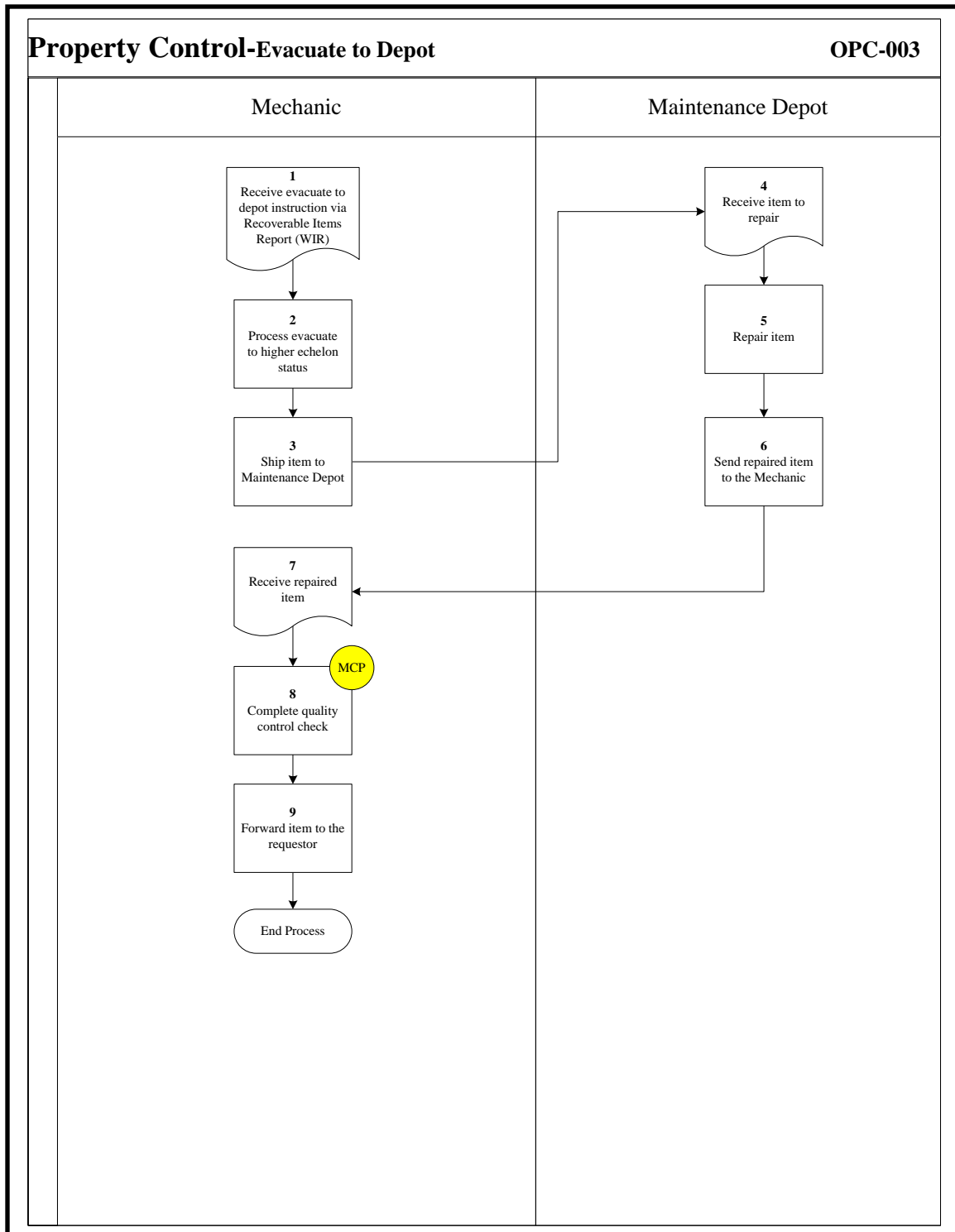
DRAFTProcess Flow:**Figure 3-2. Property Control-Dispose Locally.**

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Management Control Point (MCP). In Figure 3-2, *Property Control-Dispose Locally*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a dispose locally property control:

- The Supply Office reconciles the on hand assets to allowance.



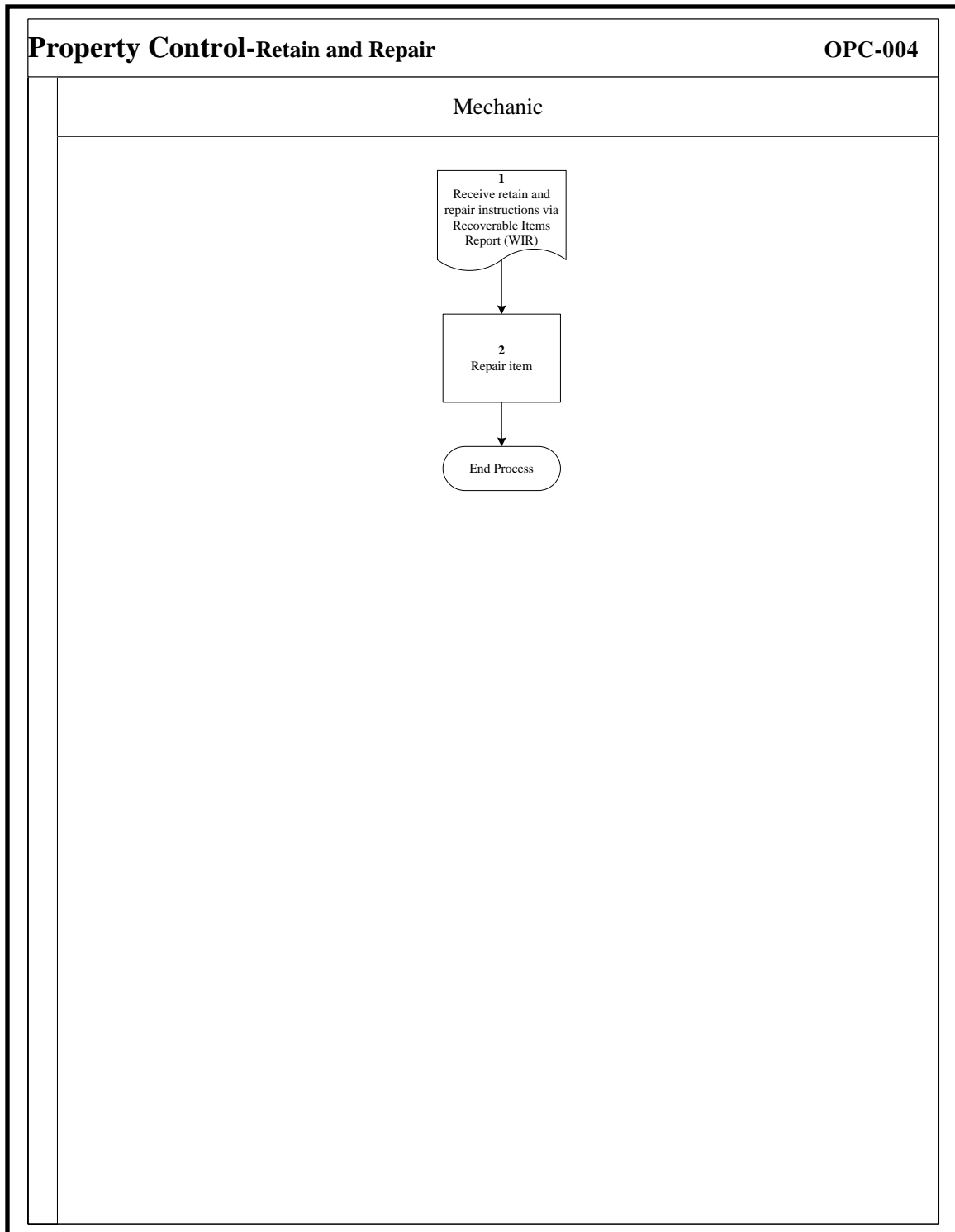
DRAFTProcess Flow:**Figure 3-3. Property Control-Evacuate to Depot.**

DRAFT

Management Control Point (MCP). In Figure 3-3, *Property Control-Evacuate to Depot*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of an evacuate to depot property control:

- The Mechanic performs a quality control check on the repaired item received from Maintenance Depot.

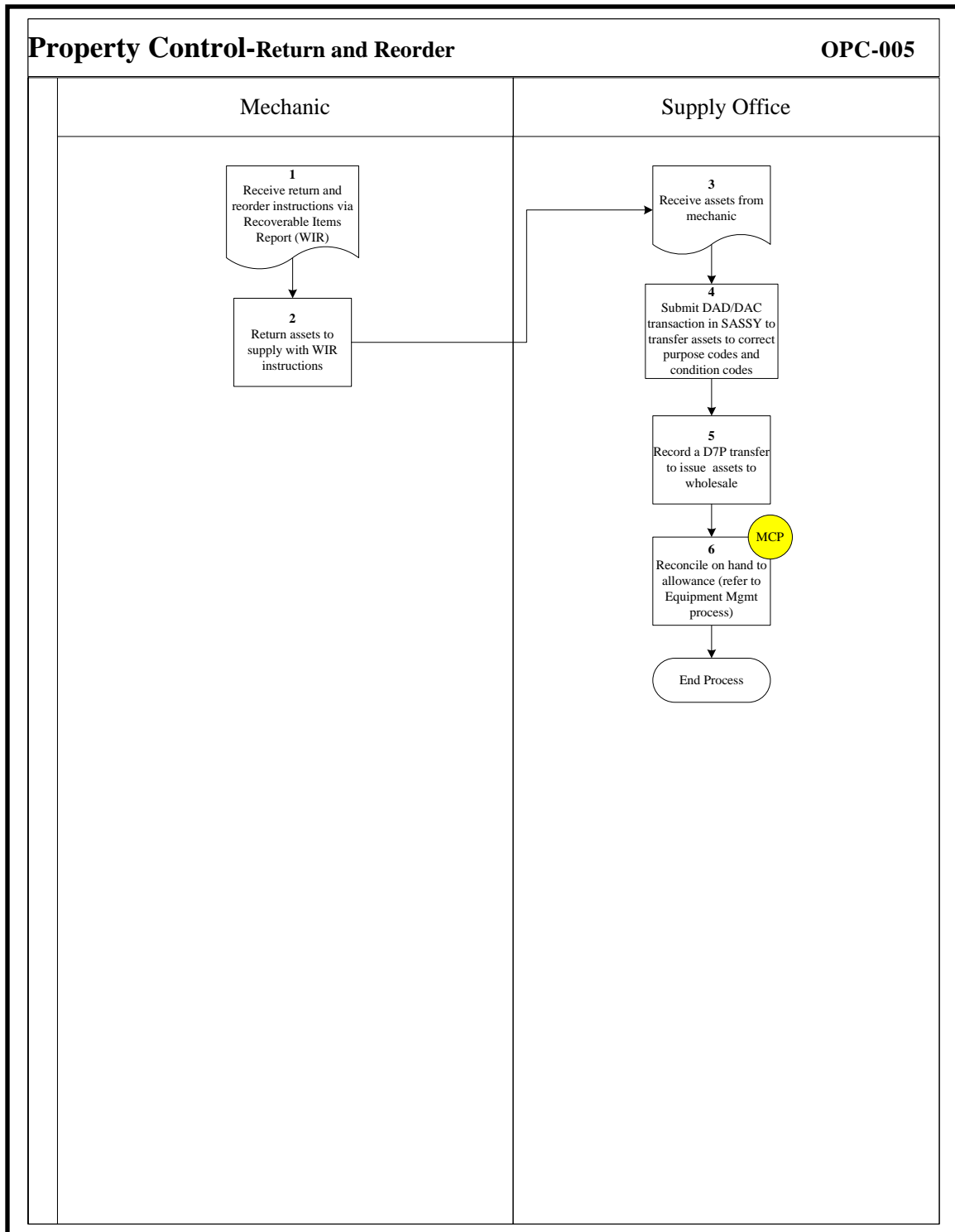


DRAFTProcess Flow:**Figure 3-4. Property Control-Retain and Repair.**

DRAFT

Management Control Point (MCP). In Figure 3-4, *Property Control-Retain and Repair*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps did not identify any management control for a retain and repair property control:



DRAFTProcess Flow:**Figure 3-5. Property Control-Return and Reorder.**

DRAFT

Management Control Point (MCP). In Figure 3-5, *Property Control-Return and Reorder*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a return and reorder property control:

- The Supply Office reconciles on hand assets to allowance.



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4.0 RECONCILIATION

Overview. The Reconciliation business event involves activities performed by commands/units to ensure that inventory records that are produced by the supply/inventory accounts systems are accurate and match the actual physical inventory that is stored in the warehouses.

Requirements. The Department of Defense Financial Management Regulation (DODFMR), Volume 11B, Chapter 55, *Inventory and Supply Management Operations* states the following guidance for Operating Materials and Supplies (OM&S) reconciliation:

- When the reconciliation of the logistic records to the general ledger account balances is completed, physical inventories shall be taken to ensure that the number of items reflected in logistic records is reasonably accurate.
- Physical counts of Department of Defense (DoD) inventories shall be taken periodically and must be designed to provide a reasonable assurance that logistic records accurately reflect on hand quantities. The sizes of these inventories preclude a 100 percent count except in unusual circumstances such as a major breakdown in internal controls.

Process Flows: The following process flows are included in the Reconciliation process:

- Reconciliation-Inventory of Consumables
- Reconciliation-Supply
- Reconciliation-SASSY Management Unit (SMU) Fiscal

Narratives:

Reconciliation-Inventory of Consumables: The process of reconciling the inventory of consumables has to deal with the spare parts that a command has in order to maintain its equipment and machinery. Items that cannot be repaired, and are in turn consumed in use or cannot be economically repaired, are known as consumables. The reconciliation of Inventory of Consumables is performed in order to ensure that the inventory balances in the system match the actual inventory in the warehouse. The process begins when the Warehouse contacts the Supported Activities Supply System (SASSY) Management Unit (SMU) to freeze the account that the inventory reconciliation is going to be performed on. Teams are then assigned to do an actual count of the inventory and determine whether or not the balances match. If the balances match, then the inventory has been reconciled. If the balances do not match and a recount still produces no match a discrepancy report is sent to the Non-Commissioned Officer (NCO) in charge. The NCO makes the decision on whether to approve the report or request another recount. If the report is approved, the warehouse determines whether the dollar value is de-controlled. If the warehouse determines that the dollar value is de-controlled, the gains and losses transaction is completed. If the dollar value is not de-controlled, a gains and losses report



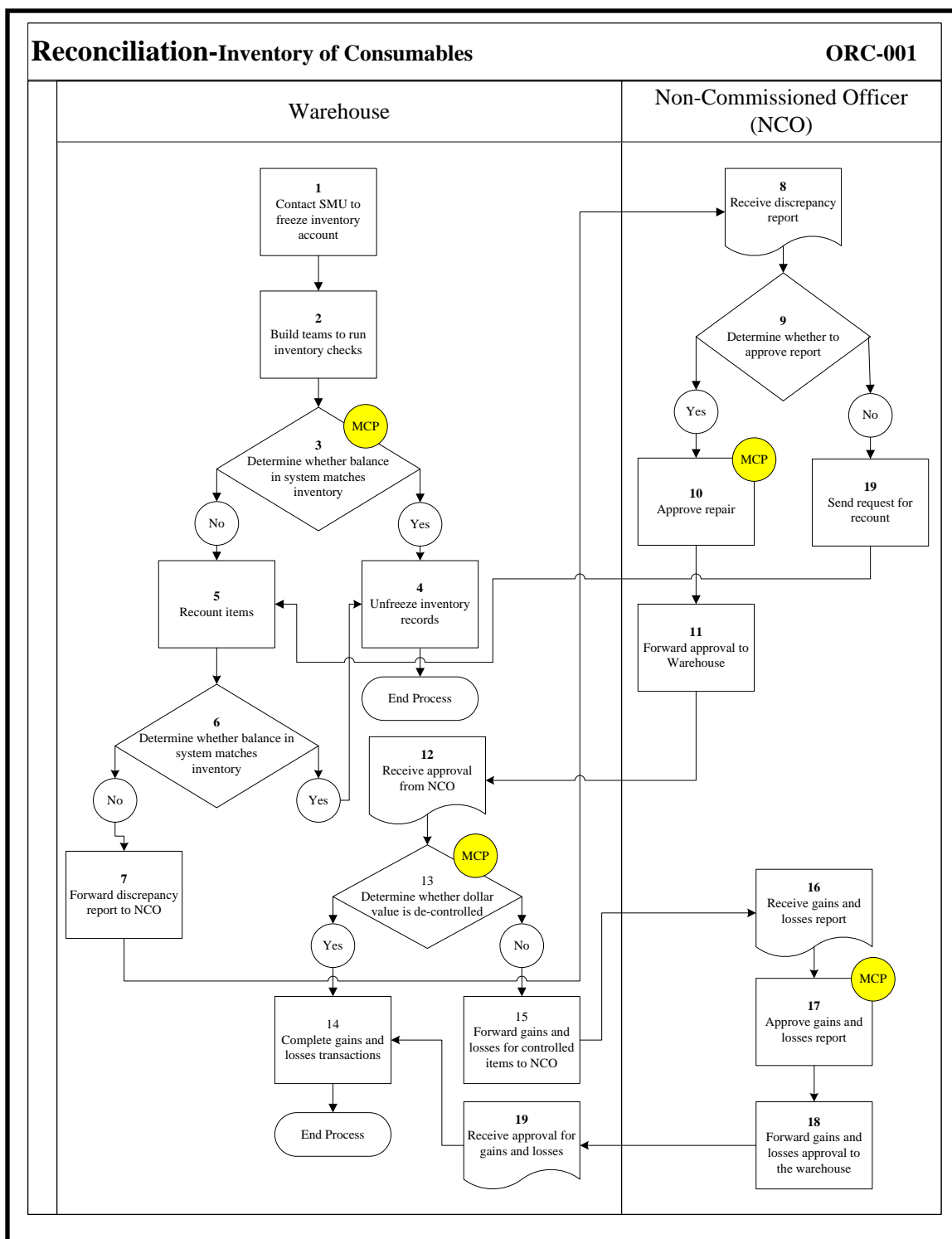
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is sent to the Non-Commissioned Officer (NCO) for approval to complete the gains and losses transaction.

Reconciliation-Supply: The Supply Office reconciles their inventory transactions in order to ensure that the balances from the Due and Status File (DASF), which is part of the Marine Corps standard supply system, match the inventory transactions in the Standard Accounting, Budgeting, and Reporting System (SABRS). If the transaction information matches, it is noted and the tri-annual report is forwarded to the Comptroller. If the transactions do not match and corrective action is needed, the adjustments are made and the changes are noted in the tri-annual report before it is forwarded to the Comptroller. If no corrective action is necessary the discrepancy is noted in the tri-annual report and forwarded to the Comptroller.

Reconciliation-Supported Activities Supply System (SASSY) Management Unit (SMU) Fiscal: The SASSY functions as a record keeper, stock manager, forecaster, and as a central data bank for the Marine Corps. Most of the operations that are performed by the SASSY are done automatically by the system to reduce the chance of errors by reducing the load of mathematical and clerical functions at the using unit. Manual input or recording of transactions is taken care of by the using unit as well as the SASSY Management Unit (SMU). The SMU reconciles the quantity and the dollar amounts of transactions. Through reconciliation the SMU is able to provide management with reports detailing the readiness of the unit Commander's command. The process begins when the active file download from the SABRS Management Analysis Retrieval System (SMARTS) is compared with the Defense Automated Addressing System Center (DAASC) Visual Logistics Information Processing System (VLIPS) download in order to determine whether the quantities and dollar amounts match. If the amounts match, then the reconciliation is complete. The SMU checks the dollar amounts match between SMARTS and DAASC VLIPS download. If the dollar amounts match and the SASSY historical records are correct, then reconciliation is complete. If the dollar amounts do not match and the price remain unchanged in SASSY, the SMU fiscal reconciliation is completed. The SMU also makes necessary adjustments to the price and historical record in the SASSY if needed.



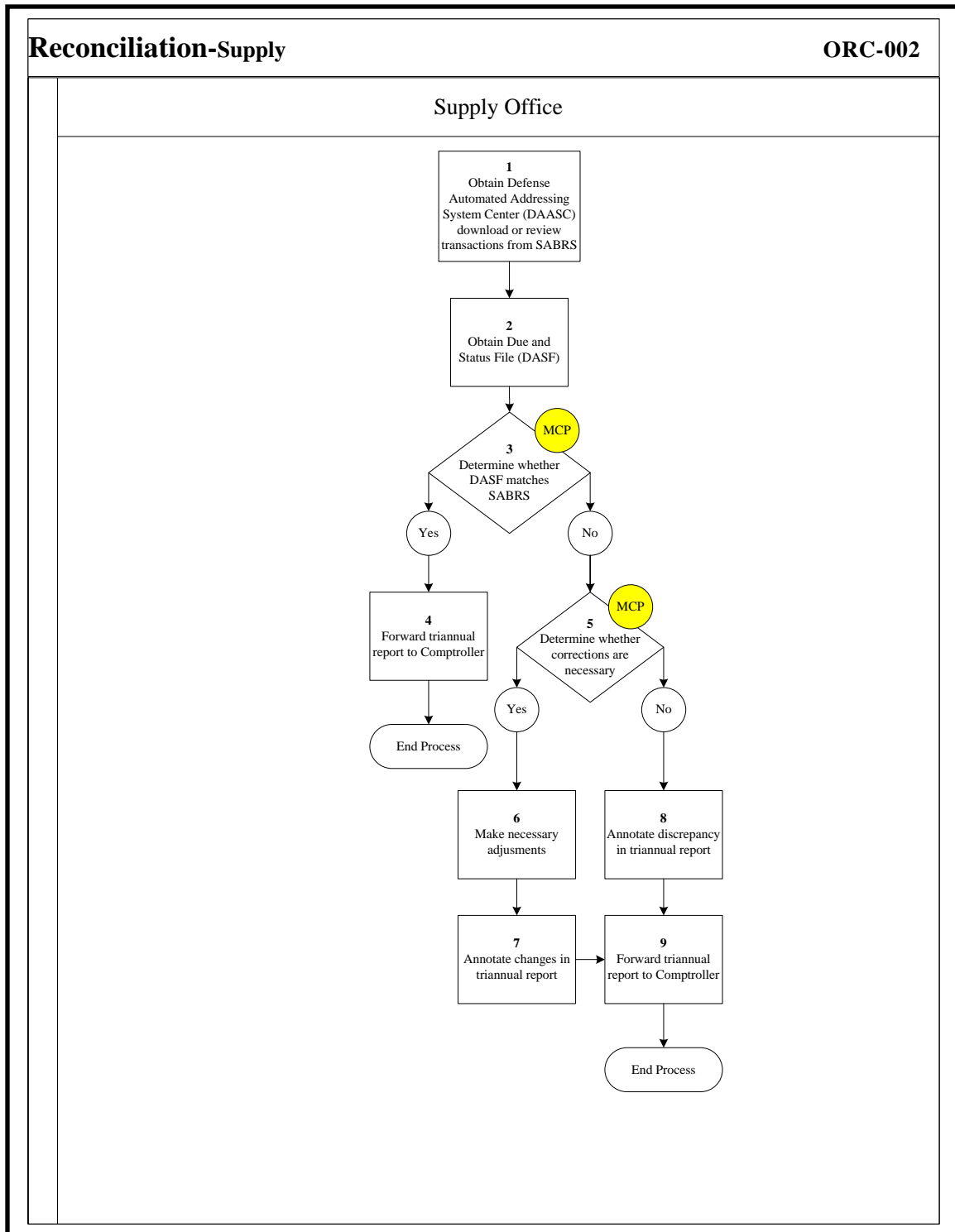
DRAFT*Process Flow:***Figure 4-1. Reconciliation-Inventory of Consumables.**

DRAFT

Management Control Point (MCP). In Figure 4-1, *Reconciliation-Inventory of Consumables*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). Operating Materials and Supplies (OM&S) uses the following management control activity to help ensure the accurate processing of inventory of consumables:

- The Warehouse determines whether the balance in the system matches the inventory.
- The Warehouse determines whether the dollar value is de-controlled.
- The Non-Commissioned Officer (NCO) approves the repair.
- The NCO approves the gains and losses report.



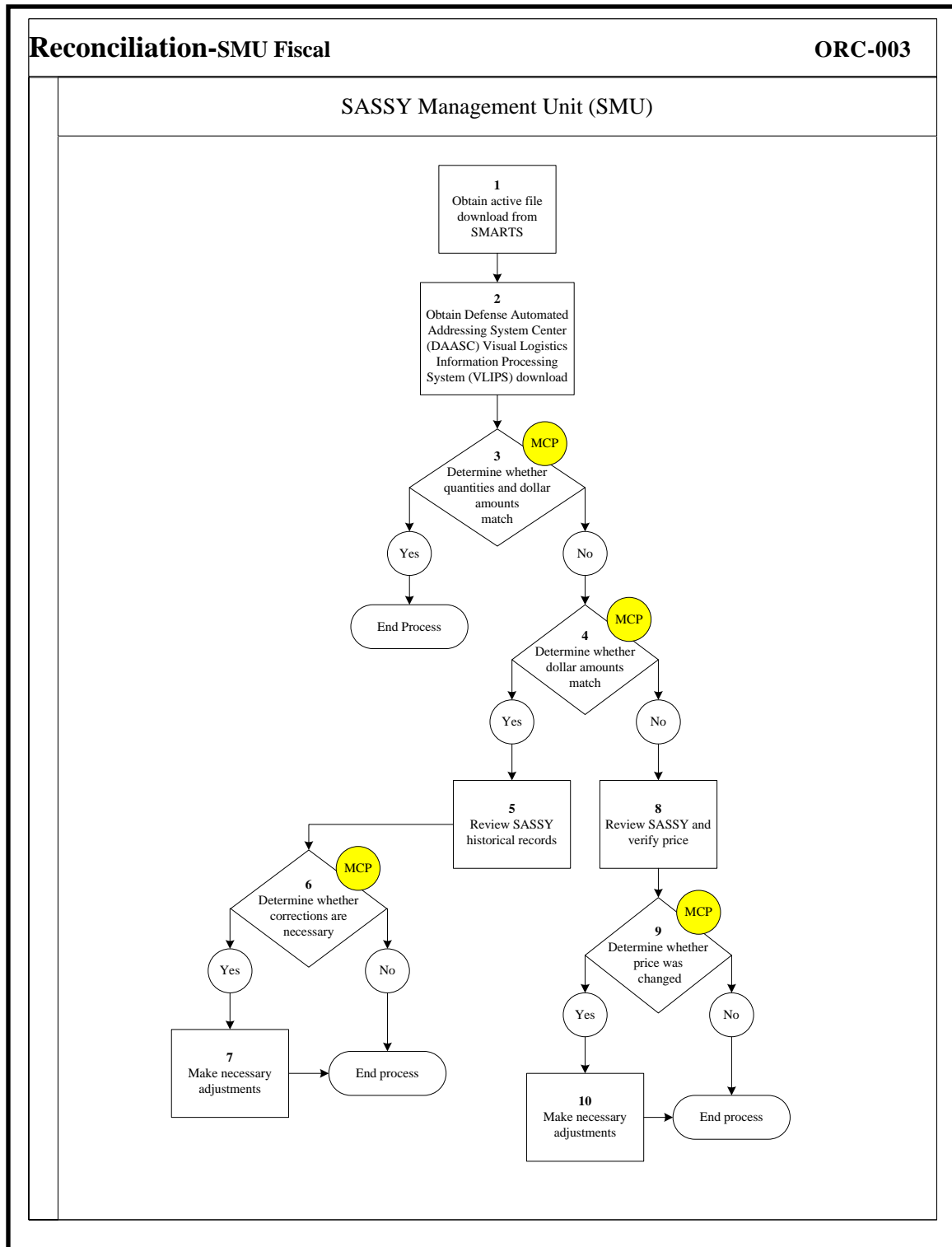
DRAFTProcess Flow:**Figure 4-2. Reconciliation-Supply.**

DRAFT

Management Control Point (MCP). In Figure 4-2, *Reconciliation-Supply*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of supply reconciliation:

- The Supply Office obtains the Due and Status File (DASF) and determines whether DASF matches to Standard Accounting, Budgeting, and Reporting System (SABRS).
- The Supply Office determines whether corrective actions are required to the Tri-annual Report.



DRAFT*Process Flow:***Figure 4-3. Reconciliation-SMU Fiscal.**

DRAFT

Management Control Point (MCP). In Figure 4-3, *SASSY Management Unit (SMU) Fiscal Reconciliation*, reconciliation, review, accuracy checks, and approval activities have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a SMU fiscal reconciliation:

- The SMU determines whether quantities and dollar amounts match in the Visual Logistics Information Processing System (VLIPS).
- The SMU determines whether price was changed.
- The SMU determines whether corrections are necessary to the historical records.



DRAFT**APPENDIX C: ACRONYMS**

ACRONYM	EXPANSION
AAV	Amphibious Assault Vehicle
ATLASS	Asset Tracking Logistics and Supply System
ATP	Ammunition Transfer Point
B7A	To End Use Transaction Code
CMR	Consolidated Memorandum Receipts
CO	Commanding Officer
DAASC	Defense Automated Addressing System Center
DAD/DAC	Dual Adjustment/Disposal Activity Code
DASF	Due and Status File
DSSC	Direct Support Stock Control
DODFMR	Department of Defense Financial Management Regulation
DRMO	Defense Revitalization and Marketing Office
D7J	Issue Property Disposal Transaction Code
D7P	Issue Return Purchase Transaction Code
ERO	Equipment Repair Order
EROSL	Equipment Repair Order Shopping List
GCPC	Government-wide Commercial Purchase Card
MCO	Marine Corps Order
MCP	Management Control Point
MIMMS	Marine Corps Integrated Maintenance Management System
NCO	Non-Commissioned Officer
NSN	National Stock Number
OM&S	Operating Materials and Supplies
PEI	Principle End Item
PR BUILDER	Procurement Request Builder Program
RFF	Marine Corps Finance Branch
RO	Responsible Officer
SABRS	Standard Accounting, Budgeting, and Reporting System
SASSY	Supported Activities Supply System
SFFAS	Statement of Federal Financial and Accounting Standards
SMF	Section Material Files
SMU	SASSY Management Unit
STRATIS	Storage Retrieval Asset Tracking Information System
T/E	Table of Equipment
VLIPS	Visual Logistics Information Processing System
WIR	Recoverable Items Report
Z0_	Property Control Transaction Code

Table A-1: Acronym List.

**ACCOUNTING AND FINANCIAL SYSTEMS BRANCH
(RFA)**



**STANDARD OPERATING PROCEDURES (SOP) FOR RFA
OPERATING MATERIALS AND SUPPLIES (OM&S)
A COMPONENT OF THE INVENTORY & RELATED PROPERTY
FINANCIAL STATEMENT LINE ITEM**

(DRAFT)

JULY 8, 2005

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1.0 INTRODUCTION

1.1 Introduction

The Standard Operating Procedures (SOP) manual for the Operating Materials and Supplies (OM&S) component of the Inventory & Related Property Financial Statement Line Item is intended to be a guide for Accounting and Financial Systems Branch (RFA) personnel responsible for OM&S financial reporting. This document covers policies, procedures, and processes to be included within the Assertion Package¹ for Inventory and Related Property. This document will facilitate consistent operations, quality control of processes, and standardized procedures in accordance with regulations and guidance.

1.2 Background

This OM&S SOP manual applies to the RFA, and its role in contributing to the Department of Defense's (DoD's) goal of achieving accurate, timely, reliable, useful financial management information and an unqualified audit opinion.

The DoD Independent Auditor's Report for Fiscal Year (FY) 2003 Principle Financial Statements, conducted by the DoD Inspector General (DoD, IG), found that DoD systems were designed to expense materials when purchased rather than when consumed. In the DoD, IG Report D-2001-070, *Internal Controls and Compliance with Laws and Regulations for the DoD Agency Wide Financial Statements for FY 2000*, the DoD, IG reported that military branches were unable to utilize the consumption method of accounting, as prescribed in the Statement of Federal Financial Accounting Standards (SFFAS) No. 3, because of the limitations of their financial management processes and systems, including non-financial feeder systems.

1.3 Purpose & Scope

The purpose of this SOP is to facilitate the following:

- Identification of the processes, procedures, and process flows for developing the Inventory and Related Property Assertion Package in preparation for financial statement audits.
- Compliance with approved procedures for reporting OM&S financial information, in accordance with governing regulations.
- Maintenance of OM&S documentation for quality control and for audit trail purposes.

The scope of this SOP is to define OM&S and its components, list the applicable requirements, and explain the responsibilities of the involved stakeholders. In addition, this SOP intends to document the standard processes and the types of financial information captured and reported by the RFA in fulfilling its responsibilities for overseeing the reporting of the OM&S component of the Inventory and Related Property Financial Statement Line Item. The OM&S SOP is a manual used to ensure that property accountability operations are performed consistently, quality control of processes and reports are maintained, and approved procedures are followed in accordance with regulations and guidance.

¹ The Assertion Package is based on the Assertion Checklist prepared by the Office of the Secretary of Defense (OSD) in order to help components prepare for audits by providing the documentation necessary for financial statement audits.



1.4 Requirements

This SOP is intended to facilitate the Marine Corps' compliance with the existing laws and regulations that provide guidance on how Marine Corps OM&S assets are to be determined and reported. Table 1, *OM&S Requirements*, lists the applicable regulations.

Regulation	Description
<i>Chief Financial Officers (CFO) Act of 1990</i>	<ul style="list-style-type: none"> Provides for improvement in each agency of the Federal Government, including systems of accounting, financial management, and internal controls. Assures the issuance of reliable financial information and to deter fraud, waste, and abuse of Government resources.
<i>Federal Financial Management Improvement Act of 1996 (FFMIA)</i>	<ul style="list-style-type: none"> Improves Federal financial management by ensuring that Federal financial management systems provide reliable, consistent disclosure of financial data in accordance with Generally Accepted Accounting Principles (GAAP). Requires each agency to implement and maintain financial systems that comply substantially with Federal accounting standards and the United States Standard General Ledger (USSGL) at the transaction level.
<i>Joint Financial Management Improvement Plan (JFMIP), Property Management System Requirements, October 2000</i>	<ul style="list-style-type: none"> Provides functional requirements for property management systems that will assist financial managers, property managers, and others in controlling and accounting for Federal property as defined in Government-wide and agency-specific statutes, regulations, and guidelines.
<i>Statement of Federal Financial Accounting Standards (SFFAS) No. 3 Accounting for Inventory and Related Property</i>	<ul style="list-style-type: none"> Discusses the accounting standards for OM&S broadly. Establishes accounting standards for the valuation of OM&S assets when produced or purchased.
<i>Department of Defense Financial Management Regulation (DoDFMR) Volume 4, Chapter 4, Operating Materials and Supplies and Stockpile Materials</i>	<ul style="list-style-type: none"> Prescribes the accounting policies and related requirements necessary to establish financial control over DoD materials and supplies. Addresses the proper accounting treatment for the recognition of OM&S assets and expenses, as well as the categorization and valuation of OM&S.
<i>Department of Defense Financial Management Regulation (DoDFMR) Volume 6B, Chapter 10, Notes to the Financial Statements</i>	<ul style="list-style-type: none"> Specifies the format, content, and instructions for the preparation and presentation of comparative statements and notes to the principal financial statements.

Table 1: OM&S Requirements.



Regulation	Explanation
Department of Defense, Financial Management Regulation (DoDFMR) Volume 11B, Chapter 56, <i>Operating Materials and Supplies</i>	<ul style="list-style-type: none"> ▪ Specifies the components of OM&S, and outlines the differences between OM&S and inventory. ▪ Provides guidance on the proper uses of the purchase method of accounting and the consumption method of accounting. ▪ Outlines the requirements for notes accompanying the financial statements including the OM&S component.
Office of the Under Secretary of Defense Memorandum, dated July 6, 2001, <i>Approved Valuation Method for Inventory Held for Sale and Operating Materials and Supplies</i>	<ul style="list-style-type: none"> ▪ Establishes that DoD legacy systems were not designed to maintain historical cost valuation for inventory held for sale and operating materials and supplies in compliance with GAAP. ▪ Specifies that the moving average cost (MAC) inventory valuation method should be used since the use of latest acquisition cost (LAC) adjusted for holding gains and losses has failed to gain audit acceptance. ▪ Outlines that MAC is computed after each acquisition by adding the cost of the newly acquired unit(s) to the cost of the units on hand and dividing this figure by the new total number of units.

Table 1: OM&S Requirements (cont).

2.0 CONCEPTS AND DEFINITIONS

This section provides an overview of the concepts and definitions for OM&S, the categories of OM&S, and the applicable condition codes used by the Marine Corps.

Operating Materials and Supplies (OM&S)

Definition: Operating Materials and Supplies (OM&S) consists of secondary supply items that a logistics organization holds in stock pending issue (without reimbursement) to the organization that will use the item in normal operations. OM&S are items traditionally held by maintenance organizations that will be consumed or become part of the repair or production of secondary end items. Items excluded from OM&S are those that have been acquired for use in constructing real property or in assembling equipment to be used by the entity, stockpile materials, goods held under price stabilization programs, foreclosed property, seized and forfeited property, and inventory.²

The six different types of OM&S are:

- Ammunition and Munitions
- Appropriation Purchase Account (APA) Principal End Items
- Sponsor Owned Material
- APA Secondary Inventory
- Real-time Reutilization Asset Management (RRAM)
- Other

Reporting: For the Marine Corps' reporting of OM&S, only Ammunition and Munitions and Appropriation Purchase Account (APA) Secondary Inventory are applicable. The collecting and reporting procedures for Ammunition and Munitions and APA Secondary Inventory financial data have been separated.

(1) Appropriation Purchase Account (APA) Secondary Inventory

The Appropriation Purchase Account (APA) is a term used to describe assets held as Inventory and Related Material (IRM) that were purchased using General Fund Appropriations. For the Marine Corps, APA Secondary Inventory items include spare and repair parts, fuel, construction materials, clothing and textiles, and medical and dental supplies.³

(2) Ammunition and Munitions

Ammunition and munitions are defined as devices charged with explosives, propellants, pyrotechnics, initiating composition, or nuclear, biological or chemical material for use in

² SFFAS No. 3, *Accounting for Inventory and Related Property*

³ Government Accountability Office (GAO)/National Security and International Affairs Division (NSIAD) Report # 95-137, *Defense Inventory: Shortages Are Recurring But Not a Problem*, August 1995



connection with defense or offense, including demolition. Ammunition and munitions usually have three characteristics:

- It is not held for sale at ammunition depots (unlike DoD inventory, which is held for sale).
- It is held for use in a normal operating cycle or in reserve for future use.
- It is not long-lived, as it can be used or consumed only once.

Items commonly designated as ammunition include small/medium caliber ammunition, mortar ammunition, tank ammunition, artillery ammunition, explosive mines, bombs, and missiles.

Munitions, used in a broad sense, refers to any and all supplies and equipment required to conduct offensive and defensive war, including weapons, machines, ammunition, transport, and fuel.

OM&S reported by the Marine Corps is documented according to supply class, definition, category, and condition code. The tables on the following pages provide descriptions of OM&S classes, categories, and condition codes. Table 1, *OM&S Supply Class Descriptions*, uses the Marine Corps supply codes to provide descriptions, definitions, and examples of OM&S.





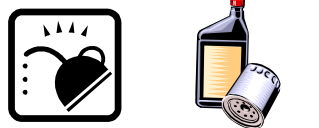
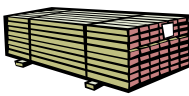
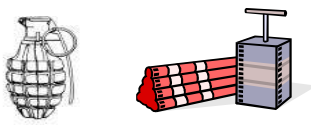
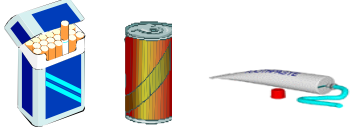


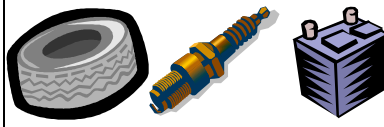

Supply Class	Description	Definition	Examples
I	Subsistence	<ul style="list-style-type: none"> Includes the basic requirements to sustain life and health on a temporary basis. 	
II	Individual Equipment	<ul style="list-style-type: none"> Includes uniforms, combat equipment, tentage, tool sets and tool kits, administrative/cleaning equipment and supplies. 	
III	Petroleum, Lubricants	<ul style="list-style-type: none"> Includes all basic oils, preservatives, liquid and compressed gases, chemical products, coolants, and antifreeze compounds. 	
IV	Construction Materials	<ul style="list-style-type: none"> Includes all construction items, installed equipment, and fortification and barrier materials such as: wood, wire, and sandbags. 	
V	Ammunition	<ul style="list-style-type: none"> Includes all types of ammunition (chemical, biological, radiological and special weapons) along with fuses, detonators, pyrotechnics and associated items. 	
VI	Personal Demand Items	<ul style="list-style-type: none"> Includes various nonmilitary health, comfort and recreational items that are sold to personnel through the Marine Corps exchange system. 	
VII	Major End Items	<ul style="list-style-type: none"> Includes all items that are end products and are considered principal items, such as tanks, vehicles, and mobile machine shops. 	
VIII	Medical Supplies	<ul style="list-style-type: none"> Includes all medicines, drugs, major and minor pieces of equipment. 	
IX	Repair Parts	<ul style="list-style-type: none"> Includes repair parts for all non-consumable end items. The only exceptions are Class VIII supplies that have both end items and repair parts listed together. 	
X	Non-Military Items	<ul style="list-style-type: none"> Includes all material used to support non-military/civic action programs such as agriculture and economic development. This category also includes all items that were not included in Classes I-IX. 	

Table 2: OM&S Supply Class Descriptions.

To support DoD reporting requirements, the Marine Corps is required to report OM&S by categories and condition codes. OM&S items are categorized as:

- Held for Use.
- Held for Repair.
- Excess, Obsolete, and Unserviceable.

The OM&S categories are described in Table 3, *OM&S Categories*.

No.	OM&S Category	Description
1	Held for Use	<ul style="list-style-type: none"> ▪ Consists of items that should not exceed a thirty-day supply unless supporting documentation is developed and maintained for review. ▪ Meets specified life cycle requirements or is consumed in normal operations. ▪ Includes material held for economic or contingency retention.
2	Held for Repair	<ul style="list-style-type: none"> ▪ Requires repair to meet current or future needs if judged more economical than disposal. ▪ Identified as unserviceable, but not yet reviewed to determine its reparability.
3	Excess, Obsolete, and Unserviceable	<ul style="list-style-type: none"> ▪ Consists of OM&S items that exceed the amount on hand that can be used within one year. ▪ Consists of obsolete OM&S items that are no longer needed due to changes in technology, laws, customs, and/or operations. ▪ Consists of unserviceable OM&S items that are physically damaged and cannot be used in operations. ▪ Consists of items that have been assessed and it has been determined that it is not economically feasible to repair the items.

Table 3: OM&S Categories.

Within these three OM&S categories, there are seventeen condition codes that are used to further describe the physical condition of the items within each category. These condition codes fall into one of four descriptive groups:

- (1) Serviceable – Items can be placed into service.
- (2) Unserviceable – Items cannot be placed into service.
- (3) Suspended – Items have been removed from service pending further action.
- (4) Condemned – Items are to be salvaged or destroyed.



These four groups (and the condition codes within them) are described and defined within Tables 4, 5, and 6 on the following pages.

The condition codes used to qualify OM&S Held for Use items are A, B, C, and D and are detailed in Table 4, *Held for Use Condition Codes*.

Code	Description	Definition
A	Serviceable - Issuable Without Qualifications	<ul style="list-style-type: none"> Consists of new, used, repaired, or reconditioned materiel that is serviceable and issuable to all customers without limitation or restriction. Includes materiel with more than 6 months shelf life remaining.
B	Serviceable - Issuable With Qualifications	<ul style="list-style-type: none"> Consists of new, used, repaired, or reconditioned materiel that is serviceable and issuable for its intended purpose; however, it is restricted from issue to specific units, activities, or geographical areas by reason of its limited usefulness or short service life expectancy. Includes materiel with 3 through 6 months shelf life remaining.
C	Serviceable - Priority Issue	<ul style="list-style-type: none"> Consists of items that are serviceable and issuable to selected customers; but they must be issued before Supply Condition Code A and B materiel to avoid loss as a usable asset. Includes materiel with less than 3 months shelf life remaining.
D	Serviceable - Testing/Modification	<ul style="list-style-type: none"> Consists of serviceable materiel that requires test, alteration, modification, technical data marking, conversion, or disassembly. This does not include items that must be inspected or tested immediately prior to issue.

Table 4: Held for Use Condition Codes.

The condition codes used to qualify OM&S Held for Repair items are E, F, G, J, K, L, M, N, and R and are detailed in Table 5, *Held for Repair Condition Codes*.

Code	Description	Definition
E	Unserviceable - Limited Restoration	<ul style="list-style-type: none"> Consists of items that require only limited expense or efforts to restore to serviceable condition.
F	Unserviceable - Repairable	<ul style="list-style-type: none"> Consists of material that requires an extensive amount of repair, reconditioning or overhaul or the amount of repair required is unknown.
G	Unserviceable - Incomplete	<ul style="list-style-type: none"> Consists of items that require additional parts or components to complete the end item prior to issue.
J	Suspended - In Stock	<ul style="list-style-type: none"> Consists of items in stock that have been suspended from issue pending condition classification or analysis, when the true condition is not known. Included are items that have been suspended from issue and use pending commodity command investigation or determination of serviceability and munitions items that are being subjected to a malfunction investigation due to an unsafe or other defective condition. Condition Code "J" assets shall be reclassified before reporting the material to the sponsor.

Table 5: Held for Repair Condition Codes.



Code	Description	Definition
K	Suspended - Returns	<ul style="list-style-type: none"> Consists of items that have been returned from customers and users suspended from issue pending inspection and condition classification, including items that have been identified by stock number and name, but not examined for condition. Condition Code “K” assets shall be reclassified before reporting to the sponsor.
L	Suspended - In Litigation	<ul style="list-style-type: none"> Consists of materiel that is held pending litigation or negotiation with vendors or common carriers. Materiel cannot be issued or shipped until the matter is resolved.
M	Suspended - In Work	<ul style="list-style-type: none"> Consists of materiel that has been inducted into the repair cycle.
N	Suspended - Ammunition	<ul style="list-style-type: none"> Consists of ammunition stocks that have been suspended from issue except for emergency combat use.
R	Suspended - Reclaimed Awaiting Condition Determination	<ul style="list-style-type: none"> Consists of assets that have been turned in by reclamation activities that do not have the capability (e.g., skills, manpower, or test equipment) to determine the condition of the material. Assets must be reclassified before they are reported.

Table 5: Held For Repair Condition Codes (cont).

The condition codes used to qualify OM&S Excess, Obsolete, and Unserviceable items are P, H, S, and V and are detailed in Table 6, *Excess, Obsolete, and Unserviceable Condition Codes*.

Code	Description	Definition
P	Unserviceable - Reclamation/Salvage	<ul style="list-style-type: none"> Consists of items that are unserviceable, uneconomically repairable because of physical inspection, tear down, or engineering decision, and are held for the reclamation of serviceable components or assemblies. The Reevaluation column should be used to write down asset value to zero.
H	Condemned - Unserviceable	<ul style="list-style-type: none"> Consists of items that are beyond economic repair and have an expired shelf life that cannot be extended. The Revaluation column should be used to write down asset value to zero.
S	Condemned - Scrap	<ul style="list-style-type: none"> Consists of material that has no value except for its basic material content. No stock will be recorded as on hand in Supply Condition S. This code is used only on transactions involving shipments to the Defense Reutilization and Marketing Office (DRMO).
V	Unserviceable - Waste Military Munitions (WMM)	<ul style="list-style-type: none"> Consists of munitions that meet criteria of waste munitions under the Environmental Protection Agency Military Munitions Rule Implementation Policy, that are safe to store and ship based on DoD Explosive Safety Board/Department of Transportation criteria and that have a current serviceability inspection. WMM will be assigned Code V only under the authority of a designated DoD or Service Designated Disposition Authority.

Table 6: Excess, Obsolete and Unserviceable Condition Codes.

3.0 REPORTING OM&S ON THE FINANCIAL STATEMENT

The OM&S component of the Inventory and Related Property Line Item is initially reported for inclusion on the Financial Statements by the Installations that house Marine Corps Ammunition, Munitions, and APA Secondary Inventory. Installations report APA Secondary Inventory financial data, in accordance with guidance from the Installation & Logistics Department (I&L), to the Accounting and Financial Systems Branch (RFA) at the Headquarters Marine Corps (HQMC) level. The PM AMMO at Marine Corps Systems Command (MARCORSYSCOM) gathers ammunition inventory and financial data from Installations and reports this information to the RFA. Figure 1, *Marine Corps Financial Organization Chart*, shows the structure of components responsible for reporting financial data within the Marine Corps.

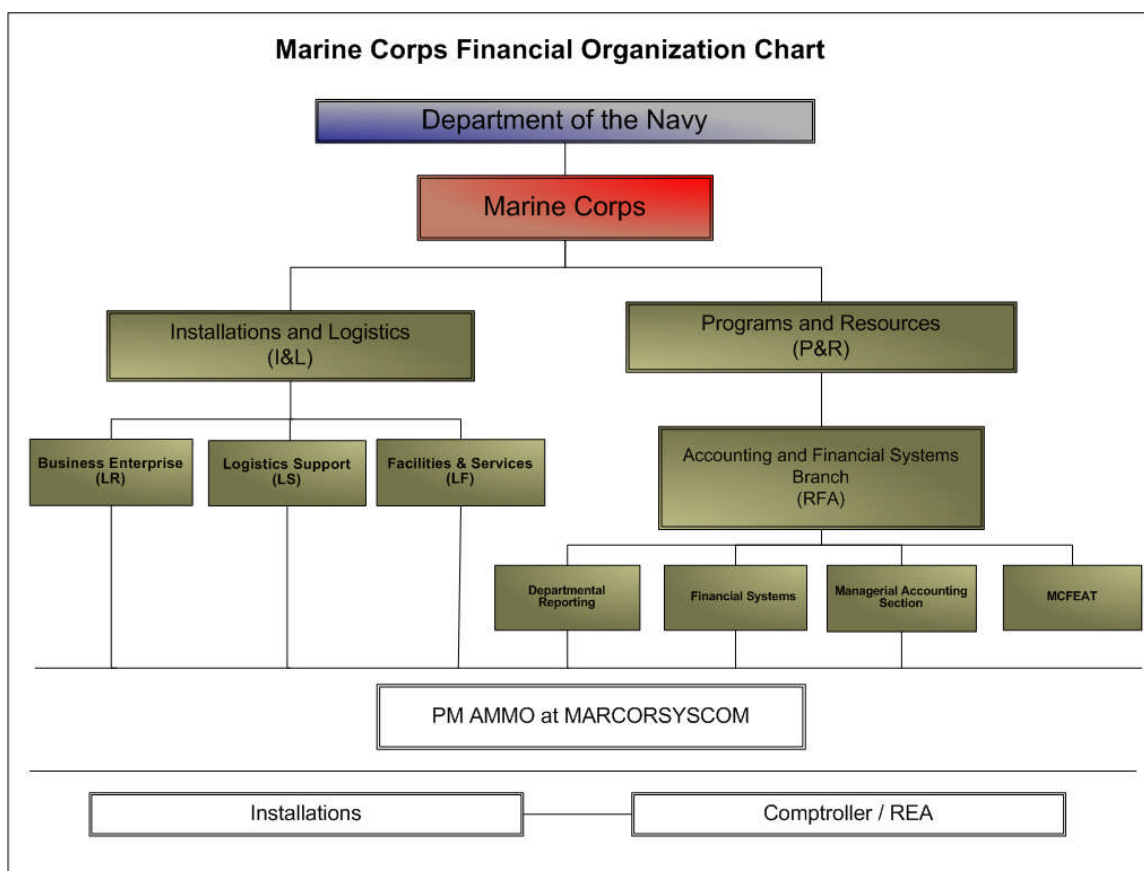


Figure 1: Marine Corps Financial Organization Chart.

3.1 Responsibilities

3.1.1 Installations

The Installations have specific responsibilities they must execute in order to ensure the accurate and timely reporting of the APA Secondary Inventory component to the Financial Statements. Table 7, *Installations APA Secondary Inventory Responsibilities* lists the functions the Installations must execute.

No.	Responsibility
1	▪ Identify APA Secondary Inventory.
2	▪ Maintain APA Secondary Inventory.
3	▪ Determine APA Secondary Inventory Valuation.
4	▪ Report APA Secondary Inventory to HQMC.

Table 7: Installations APA Secondary Inventory Responsibilities.

(1) APA Secondary Inventory

The Installations must first identify APA Secondary Inventory, and then categorize the APA Secondary Inventory as Held for Use, Held for Repair, or Excess, Obsolete, Unserviceable. Once APA Secondary Inventory is categorized, a condition code for each item must be applied. Once APA Secondary Inventory is categorized and coded according to its respective physical condition, Installations must determine whether the APA Secondary Inventory item is reportable. If the APA Secondary Inventory is reportable, it must be forwarded to the RFA to be recorded in the Financial Statements.⁴

The Installations must determine the inventory valuation and perform a physical APA Secondary Inventory count. It must report the value of this inventory, in addition to documenting and maintaining the inventory list. The Installations are responsible for preparing an APA Secondary Inventory valuation and documenting the audit trail for APA Secondary Inventory valuation. The Installations are also responsible for reporting the APA Secondary Inventory component of the Inventory & Related Property Line Item to the RFA at HQMC.

(2) Ammunition and Munitions

The Installations report their ammunition inventories to the Property Manager for Ammunition (PM AMMO) at MARCORSYSCOM. The PM AMMO is responsible for ensuring the proper and accurate reporting of ammunition inventories for inclusion on the Financial Statements.

⁴ SFFAS No. 3, *Accounting for Inventory and Related Property*



3.1.2 Comptroller/Resource Evaluation and Analysis (REA)

The Installation-level Comptroller/REA function has specific responsibilities it must execute in order to ensure the accurate and timely reporting of the APA Secondary Inventory component of OM&S.

Table 8, *Comptroller/REA APA Secondary Inventory Responsibilities* lists the functions the Comptroller/REA must execute.

No.	Responsibility
1	Assure APA Secondary Inventory has been correctly identified, valued, counted, and reported.
2	Assure APA Secondary Inventory valuation.
3	Assure reporting of the APA Secondary Inventory portion of Inventory and Related Property on the Financial Statements.

Table 8: Comptroller/REA OM&S Responsibilities.

The REA ensures that the inventory of APA Secondary Inventory has been correctly counted, listed, valued, and reported, based on the requirements in the SFFAS No. 3, *Accounting for Inventory and Related Property*. In order to assure the estimates, the REA ensures that qualified personnel develop the estimates, ensure that supervisors review the estimates, ensure proper documentation is collected, and ensure the audit trail is established. Additionally, the REA is responsible for ensuring the reporting is completed by reviewing the published schedule and developing an overall assurance report.

3.1.3 Installation and Logistics (I&L)

The I&L Department has specific responsibilities it must execute in order to ensure the accurate and timely reporting of the APA Secondary Inventory component of OM&S. Table 9, *I&L APA Secondary Inventory Responsibilities*, lists the functions the I&L must execute and is shown below.

No.	Responsibility
1	Provide policy to categorize APA Secondary Inventory.
2	Provide guidance on APA Secondary Inventory valuation methodology.
3	Monitor inventory reports from Installations.

Table 9: I&L APA Secondary Inventory Responsibilities.



3.1.4 Property Manager for Ammunition (PM AMMO)

The Property Manager for Ammunition (PM AMMO) at MARCORSYSCOM is responsible for the acquisition and distribution of ammunition used by Marine Corps Operating Forces to accomplish their warfighting mission. The responsibilities of PM AMMO's Inventory Management team include collecting, consolidating, and reporting ammunition financial data from Installations. Table 10, *PM AMMO Responsibilities* lists the functions the PM AMMO must execute and is shown below.

No.	Responsibility
1	▪ Provide guidance to Installations on ammunition reporting.
2	▪ Receive and review daily ammunition reports.
3	▪ Consolidate and monitor ammunition financial data.
4	▪ Report quarterly ammunition financial data.

Table 10: PM AMMO Responsibilities.**3.1.5 Accounting and Financial Systems Branch (RFA)**

The RFA has specific responsibilities it must execute in order to ensure the accurate and timely reporting of the OM&S component of the Inventory & Related Property Line Item. The main responsibility of the RFA Branch Head is to ensure that Marine Corps financial data is reported accurately and on time. This includes reporting the OM&S component of the Inventory & Related Property Line Item, which consists of APA Secondary Inventory, Ammunition, and Munitions. The RFA also provides advice and assistance to other HQMC staff offices, Comptrollers/REA at the Installation level, Marine Corps Logistics Command (MARCORLOGCOM) and MARCORSYSCOM in the areas of accounting and financial regulations.

Table 11, *RFA OM&S Responsibilities*, lists the steps the RFA must execute and is shown below.

No.	Responsibility
1	▪ Collect OM&S financial data.
2	▪ Analyze and validate the data.
3	▪ Reconcile account balances with supporting documentation.
4	▪ Record OM&S financial data into the Data Collection Instrument (DCI).

Table 11: RFA OM&S Responsibilities.

3.2 OM&S Process

The following section documents the management of financial information for OM&S from the Installation level up to HQMC, the sequence in which these events are executed, and the generation of documentation in support of OM&S identification, valuation, monitoring, validation, and reporting.

The process for reporting OM&S begins at the Installation level. The Installations are responsible for identifying, categorizing, maintaining, estimating, and reporting the OM&S component of the Inventory & Related Property Line Item on the Financial Statements. With guidance from the Installations and Logistics (I&L) Department and the Comptroller/REA at the installation level, each Installation prepares an APA Secondary Inventory estimate and submits it to the I&L. Financial data for the ammunition held at Installations is reported to PM AMMO. Following a review by I&L and PM AMMO, the RFA ensures the estimate is recorded and incorporated into the OM&S balance on the Financial Statements. The Comptroller/REA at the Installation level assures the OM&S inventory and ensures reporting on an on-going basis.

The next page depicts the overall process flow for reporting OM&S on the Financial Statements. References to additional processes in the overall process flow document can be found in *Appendix E, Process Flows*. The following sections describe the overall process in depth.



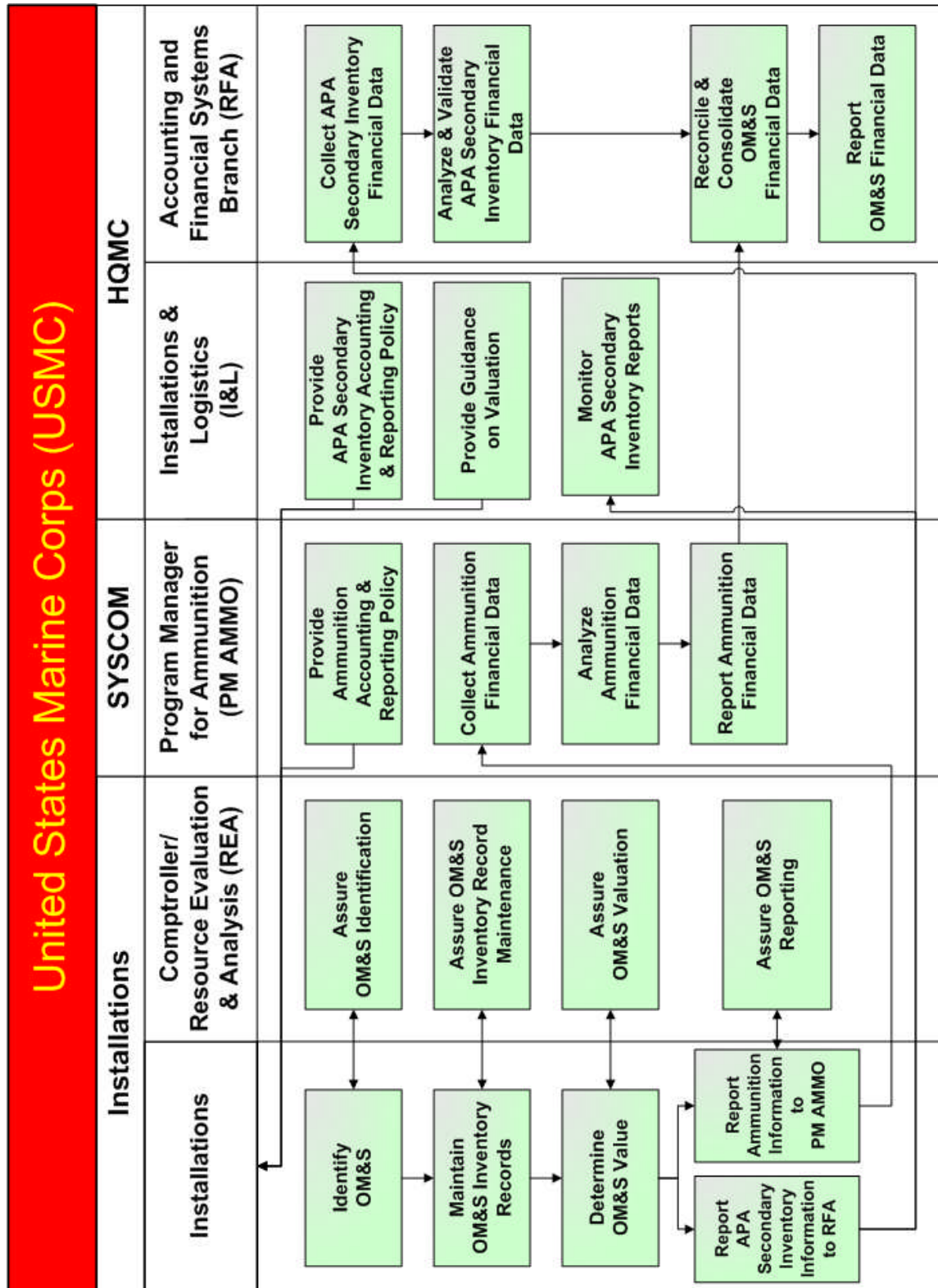


Figure 2: OM&S Overall Process Flow

3.2.1 Installations

The Marine Corps Installations are responsible for (1) identifying and categorizing APA Secondary Inventory, (2) maintaining APA Secondary Inventory records, (3) valuating APA Secondary Inventory, and (4) reporting APA Secondary Inventory information to HQMC.

3.2.1.1 Identifying APA Secondary Inventory

The first step in the APA Secondary Inventory reporting process is to identify and categorize the type and condition of APA Secondary Inventory that exists. Table 12, *Identifying APA Secondary Inventory*, lists the steps used by the Installations to determine this information.

No.	Process	Description
1	Identify APA Secondary Inventory	<ul style="list-style-type: none"> Identify supply items that are considered APA Secondary Inventory.
2	Complete the corresponding data call	<ul style="list-style-type: none"> Complete data call for Ammunition and Munitions. Complete data call for APA Secondary Inventory.
3	Categorize APA Secondary Inventory	<ul style="list-style-type: none"> Categorize APA Secondary Inventory, based on guidance from the I&L as: <ul style="list-style-type: none"> Held for Use. Held for Repair. Excess, Obsolete and Unserviceable. Value APA Secondary Inventory Held for Use and APA Secondary Inventory Held for Repair using the same basis (historical cost). Value Excess, Obsolete, or Unserviceable materials and supplies at their estimated net realizable value⁵.
4	Apply Condition Codes to APA Secondary Inventory Categories	<ul style="list-style-type: none"> Apply one of seventeen condition codes. Use condition codes to further describe the physical condition of the items within each APA Secondary Inventory category. These condition codes further classify the general item descriptions as follows: <ul style="list-style-type: none"> Serviceable. Unserviceable. Suspended. Condemned.

Table 12: Identifying APA Secondary Inventory.

⁵ DoD FMR Volume 4, Chapter 4, *Operating Materials and Supplies and Stockpile Materials*.



Figure 3, *Categorizing APA Secondary Inventory Type and Condition Code*, provides a graphical depiction of the process flow.

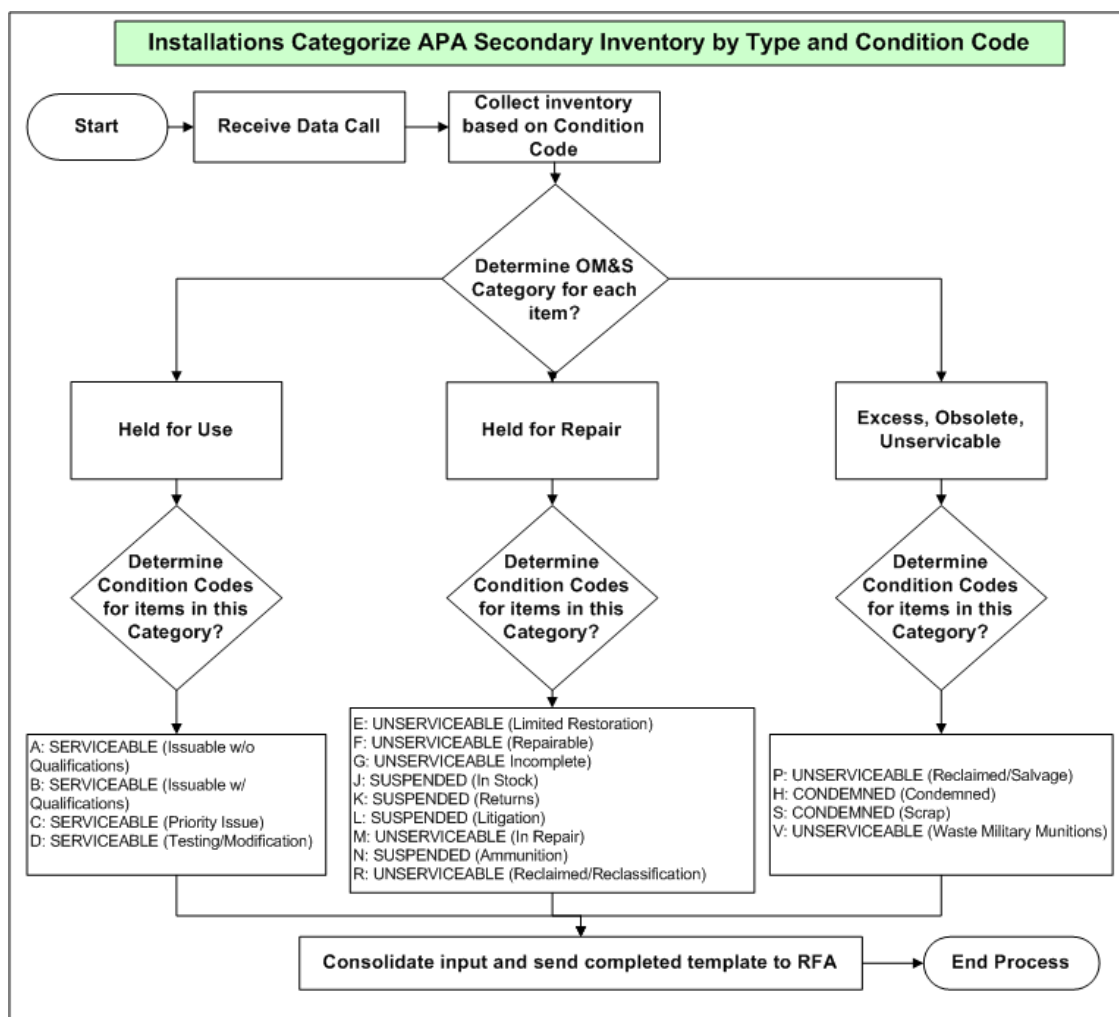


Figure 3: Categorizing APA Secondary Inventory Type and Condition Code.

3.2.1.2 Maintaining APA Secondary Inventory Records

The Installations maintain APA Secondary Inventory records, which is the next step in the information process flow. Each Installation is responsible for initiating and directing physical inventories. Conducting pre-inventory planning will reduce the potential for count inaccuracies. Installations conduct a physical count of OM&S at least once per fiscal year, as prescribed by Chapter 7 of the DoD 4000.25-2-M, *Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)*. This chapter provides procedures, performance objectives, and reporting requirements for maintaining accurate records of the physical inventory, conducting physical inventory counts, and reconciling record variance for materiel within the DoD supply system.

Table 13, *Maintaining APA Secondary Inventory*, describes the process that the Installations conduct in order to maintain APA Secondary Inventory.

No.	Process	Description
1	Perform the physical APA Secondary Inventory count	<ul style="list-style-type: none"> ▪ Assess baseline inventory and all related requirements. ▪ Ensure that a valuation of APA Secondary Inventory has been established. ▪ Document the physical location of the inventory.
2	Maintain the property accountability record for all materiel in storage	<ul style="list-style-type: none"> ▪ Maintain the property accountability record for:⁶ <ul style="list-style-type: none"> - Materiel custody, care, receipt, storage, and issue. - Safeguarding, and re-warehousing materiel. - Physical inventory and research. - Location survey/reconciliation. - Quality control checks. - Supply discrepancy report initiation, research and resolution. - Investigating and assessing financial liability for loss, damage, and destruction of Government property. - Appropriate actions necessary to ensure that the physical on-hand quantity and the total item property record quantity are in agreement.
3	Manage and control inventory and report results	<ul style="list-style-type: none"> ▪ Manage, control, and report inventory based on the following: <ul style="list-style-type: none"> - Stock number. - Supply condition code. - Type of pack. - Date packed/expiration date for subsistence.
4	Maintain quantitative balance records and transaction histories for all inventories on hand	<ul style="list-style-type: none"> ▪ Maintain records regardless of ownership. ▪ Support the balance records with transaction histories. ▪ Provide documentation to detect theft or diversion of inventory. ▪ Improve the ability to determine the cause of inventory variances for corrective action with documentation.

Table 13: Maintaining APA Secondary Inventory.

⁶ DoD 4000.25-2-M (MILSTRAP), Chapter 7.



No.	Process	Description
5	Prepare daily on-hand balances	<ul style="list-style-type: none"> Match all active record (i.e., stock numbers which had any transactions affecting record balances) on-hand balances daily. Submit the daily closing on-hand balance to each affected owner/manager. Prepare asset status transactions by line item (stock number + supply condition code = line item), type of pack, and date packed /expiration date for subsistence.

Table 13: Maintaining APA Secondary Inventory (cont).

3.2.1.3 Valuating APA Secondary Inventory

The DoD has selected the Moving Average Cost (MAC) method for valuing its inventory and related materials, which includes APA Secondary Inventory.⁷ MAC is computed after each acquisition by adding the cost of the newly acquired unit(s) to the cost of the units on hand and dividing this amount by the new total number of units. Military Installations and Programs may request exceptions to MAC from the Director, Accounting Policy at Office of the Under Secretary of Defense, Comptroller (OUSD(C)).

Alternative valuation methods may continue to be used for other functional requirements, as deemed necessary by the cognizant functional managers.⁸ APA Secondary Inventory categorized as Held for Use and Held for Repair should be valued based on Historical Cost (or any other valuation methods that approximate historical cost.)⁹ APA Secondary Inventory categorized as Excess, Obsolete, and Unserviceable should be valued using Net Realizable Value. Table 14, *Valuation Methodologies*, lists the valuation guidelines for APA Secondary Inventory.

No.	Valuation Methodology	Description
1	Moving Average Cost (MAC)	<ul style="list-style-type: none"> Computed after each acquisition by adding the cost of the newly acquired unit(s) to the cost of the units on hand and dividing this figure by the new total number of units. Revalue APA Secondary Inventory periodically. Used as an approximation for historical cost.
2	Net Realizable Value	<ul style="list-style-type: none"> Estimated market value less reasonably predictable costs for completion or disposal. Base estimated market value on (1) the market value if an active market exists, (2) the market value of similar items, or (3) a reasonable forecast of expected cash flows adjusted for the cost of capital.

Table 14: Valuation Methodologies.

⁷ Defense Finance and Accounting Service (DFAS) 7900.4G, *A Guide to Federal Requirements for Financial Management Systems*.

⁸ Office of the Under Secretary of Defense (Comptroller) Memorandum, *Approved Valuation Method for Inventory Held for Sale and Operating Materials and Supplies*, July 6, 2001.

⁹ SFFAS No. 3, *Accounting for Inventory and Related Property*.



No.	Valuation Methodology	Description
3	Historical Cost	<ul style="list-style-type: none"> Includes all appropriate purchases, transportation and production costs incurred to bring the items to their current conditions and location. Charge abnormal costs, such as excessive handling or rework costs, to operations of the period.

Table 14: Valuation Methodologies (cont).**3.2.1.4 Reporting APA Secondary Inventory**

Once the physical APA Secondary Inventory count is performed and documented, the Installations report this information to the I&L for monitoring purposes. At the same time, APA Secondary Inventory financial information is also reported to the RFA for analysis and recording purposes. The Installations complete and submit a data call template for reporting APA Secondary Inventory activity by the 2nd business day after quarter-end. Within 30 days after the end of the 4th quarter of each fiscal year, Installations must also submit record accuracy goals information to the Assistant Deputy Undersecretary of Defense, Supply Chain Integration (ADUSD, SCI) for recording APA Secondary Inventory.¹⁰

In order for APA Secondary Inventory financial data to be reported as part of OM&S, it must first be recorded in the Supported Activity Supply System (SASSY) by the Installations. MARCORLOGCOM produces the Balance Analysis Report, generated by SASSY, for all Installations within the Marine Corps. The Balance Analysis Report is used to complete the data call template. This template is sent to the Installations by RFA. Following completion, the data call reporting template is returned to RFA for analysis and validation before being input into the DCI.

¹⁰ Department of Defense 4000.25-2-M, *Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP)*.



Figure 4, *Report APA Secondary Inventory (SASSY-DCI)*, provides a graphical depiction of the process flow.

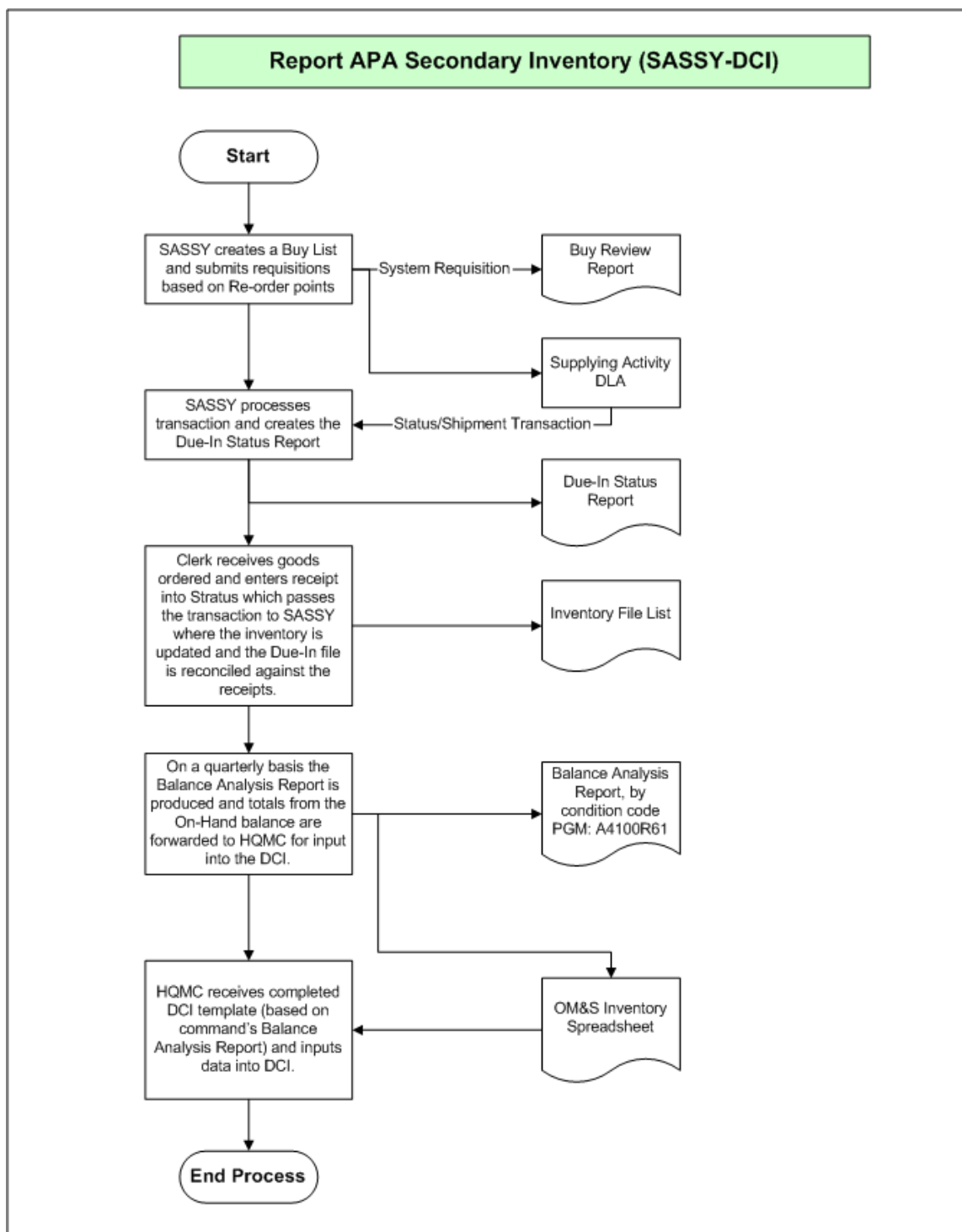


Figure 4: Report APA Secondary Inventory (SASSY-DCI).

The appropriate Installation POCs are responsible for completing the data call template with APA Secondary Inventory balances recorded by their respective categories (Held for Use, Held for Repair, and Excess, Obsolete, and Unserviceable) and with their respective condition codes. The completed data call is sent (via e-mail) to the I&L and the RFA. APA Secondary Inventory balances are then reported for the current and prior quarter.

3.2.2 Comptroller/Resource Evaluation and Analysis (REA)

The Comptroller/REA function is responsible for (1) assuring APA Secondary Inventory, (2) assuring APA Secondary Inventory valuation, and (3) ensuring APA Secondary Inventory reporting.

3.2.2.1 Assuring APA Secondary Inventory

The REA is responsible for assuring the submitted inventory based on the proper accounting standards and other regulations. The REA assures that the balance of OM&S have been correctly counted, listed, valued, and reported, based on the requirements in the SFFAS No. 3, *Accounting for Inventory and Related Property*.

3.2.2.2 Assuring APA Secondary Inventory Valuation

In order to assure APA Secondary Inventory valuation, several steps must be followed. Table 15, *Assuring APA Secondary Inventory Valuation*, provides an overview of the process.

No.	Step	Description
1	Ensure appropriate valuation method is used	<ul style="list-style-type: none"> Use the historical cost or an appropriate approximation to value APA Secondary Inventory, per SFFAS No. 3. Utilize MAC whenever possible. Properly document any deviation from the preferred method, including an explanation for the deviation.
2	Ensure supervisory review is established	<ul style="list-style-type: none"> Supervisory review is required to ensure proper collecting, analyzing, reconciling, and reporting of APA Secondary Inventory. A supervisor should review all source documents submitted with reported APA Secondary Inventory balances. Document the review in writing and include the supervisor's written agreement that the source documents provided support the reported APA Secondary Inventory balances.

Table 15: Assuring APA Secondary Inventory Valuation.



No.	Step	Description
3	Ensure proper documentation is collected	<ul style="list-style-type: none"> Collect documentation to support reported APA Secondary Inventory balances. Include appropriate source documents such as Installation level inventory reports or general ledger transaction reports. Maintain file source documents with reported balances. See Reconciling APA Secondary Inventory Inventories for further discussion of source documentation.
4	Ensure audit trail is established	<ul style="list-style-type: none"> Ensure that reported APA Secondary Inventory balances are traceable back to the transaction level through source documentation.

Table 15: APA Secondary Inventory Valuation (cont).**3.2.2.3 Ensuring Reporting**

The Comptroller/REA is responsible for assuring that all required reports have been compiled and collected. The Comptroller/REA reviews the published schedule and develops an assurance report, which is then forwarded to the I&L and the HQMC.

3.2.3 Installations and Logistics (I&L)

The I&L Department at HQMC plays a supporting role to Installations in the APA Secondary Inventory process flow of financial information. The I&L's responsibilities can be described as two-fold: (1) monitor documentation supporting the estimates and (2) perform quality check of the final estimate. The I&L provides guidance for the Installations in determining the category of APA Secondary Inventory. The Installations may contact the I&L with questions on such issues. The I&L also provides guidance on the valuation methodologies.

After an Inventory report is received by the I&L, the I&L ensures that the report is reviewed for discrepancies, and resolves discrepancies with the Installations, if necessary. The I&L then submits the report to the RFA for accounting purposes.



Table 16, *The I&L's Responsibilities*, provides a detailed description of the I&L's responsibilities in reporting APA Secondary Inventory.

No.	Responsibility	Description
1	Provide Policy to Categorize Operating Materials and Supplies	<ul style="list-style-type: none"> Support Installations in determining APA Secondary Inventory category.
2	Provide Guidance on Valuation Methodology	<ul style="list-style-type: none"> Support Installations in assessing valuation methodology. Respond to valuation questions from Installations.
3	Monitor the Inventory Reports	<ul style="list-style-type: none"> Support Installations in preparing inventory reports. Respond to reporting questions from Installations.

Table 16: The I&L's Responsibilities.

3.2.4 Program Manager for Ammunition (PM AMMO)

The Program Manager for Ammunition (PM AMMO) is a component of the MARCORSYSCOM. The PM AMMO is tasked with providing research, development, acquisition, and life-cycle management support for all conventional ground ammunition required by Marine Forces to train for and conduct amphibious warfare and expeditionary force operations.

The PM AMMO involvement in the process of reporting ammunition inventory for inclusion into APA Secondary Inventory reporting is detailed below in Table 17, *PM AMMO Reporting Process*.

Step	Process	Description
1	Collect Daily Ammunition Reports	<ul style="list-style-type: none"> Installations send daily ammunition activity reports to the PM AMMO Inventory Management Team. Send daily reports in MILSTRIP (80-80 card column) format, through the Defense Activity Addressing System (DAAS). The Installations individual ammunition tracking systems (Retail Ordnance Logistics Management System [ROLMS], Standard Depot System[SDS], or Command Commodity Standard System [CCSS]) automatically or at the manual prompting of the responsible officer generate the daily reports.
2	Consolidate and Report Daily Ammunition Activity	<ul style="list-style-type: none"> Download daily ammunition activity reports from DAAS or take them from emails. The files are then uploaded into the Marine Ammunition Accounting and Reporting System (MAARS). PM AMMO personnel monitor daily ammunition activity reports.

Table 17: PM AMMO Reporting Process.



Step	Process	Description
3	Report Quarterly Ammunition Financial Data	<ul style="list-style-type: none"> Download ammunition inventory file from MAARS to Microsoft Access for quarterly report formatting. Forward quarterly ammunition report to the CFO's office and PM AMMO personnel.

Table 17: PM AMMO Reporting Process (cont).

Figure 5, *Ammunition Reporting Process Flow*, provides a graphical description of the ammunition reporting process.

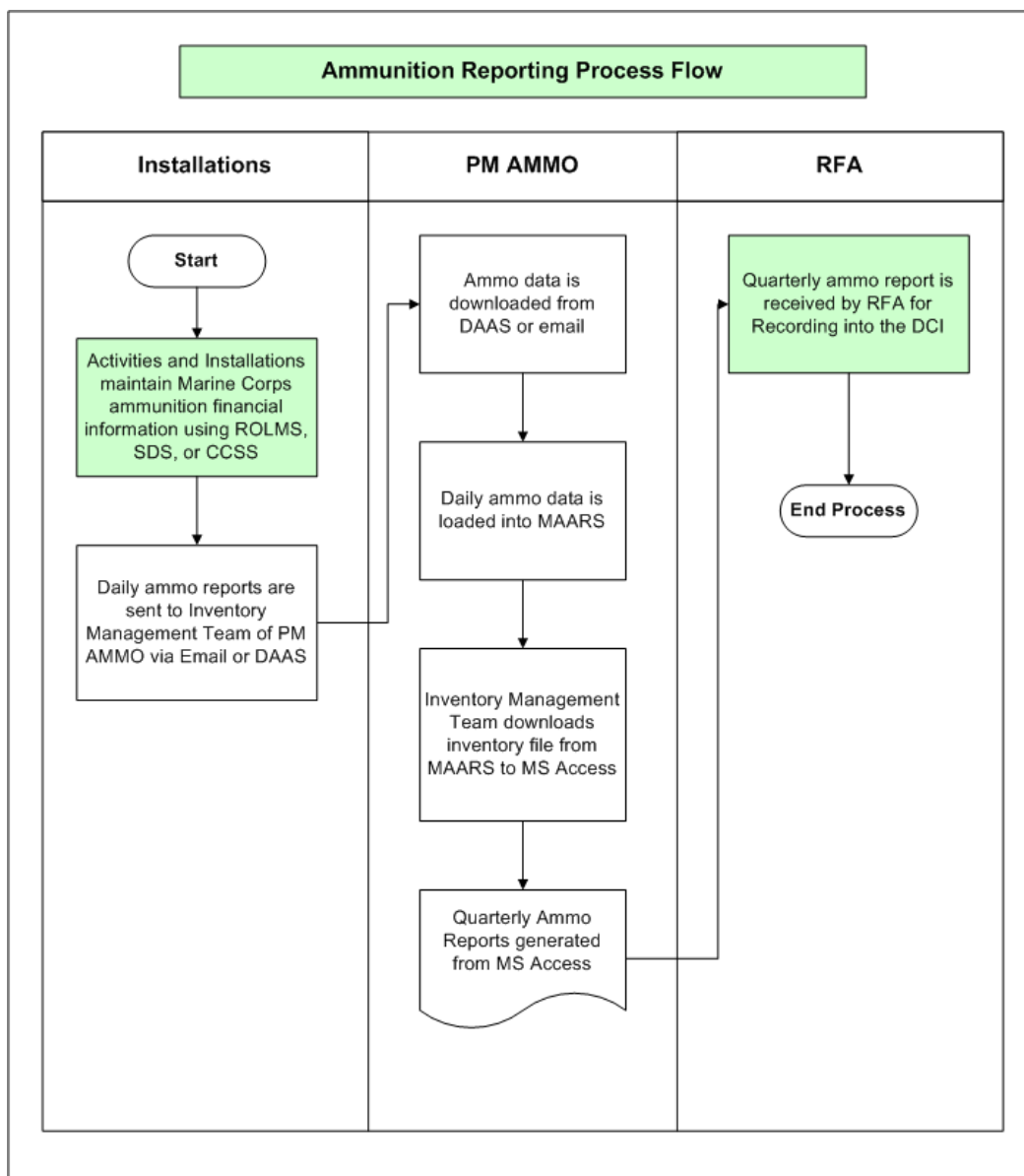


Figure 5: Ammunition Reporting Process Flow.

3.2.5 Accounting and Financial Systems Branch (RFA)

The Accounting and Financial Systems Branch (RFA) provides oversight of the process flow of information for reporting OM&S to the Financial Statements. The process flow of information for reporting OM&S consists of four primary steps. The RFA is responsible for ensuring that the OM&S data is (1) collected, (2) analyzed, (3) reconciled, (4) recording, and (5) validating.

3.2.5.1 Collecting APA Secondary Inventory Data

Table 18, *Collecting APA Secondary Inventory Data*, provides a detailed description of the APA Secondary Inventory data collection process.

Step	Process	Description
1	Initiate data call	<ul style="list-style-type: none"> Send a data call to the Installations POCs via e-mail. The data calls are due by the 2nd business day after quarter-end. Data calls should be submitted for the periods ending September 30th, December 31st, March 31st and June 30th each year.
2	Collect inventory	<ul style="list-style-type: none"> The appropriate POC is responsible for completing the data call template with their activities balances by the categories (Held for Use, Held for Repair, and Excess, Obsolete, and Unserviceable). Within these categories, values must be assigned for each of the condition codes. Report balances for the current and prior quarter. The quarterly variance column calculates a percentage change from the prior to the current quarter.
3	Consolidate data	<ul style="list-style-type: none"> Consolidate data call templates into one MS Excel workbook, with each activity represented on one worksheet, after they are submitted to RFA. Create a checklist to track all data call requests that were e-mailed.

Table 18: Collecting APA Secondary Inventory Data.



The reporting of APA Secondary Inventory financial data begins with a data call sent from the RFA to the various Installation POCs. A populated data call template is then returned to RFA from each installation reporting OM&S financial data. Figure 6, *Data Call Template*, provides an example of a completed spreadsheet utilized in the data call.

	CONDITION	CURRENT QTR VALUE	PRIOR QTR VALUE	% VARIANCE +/- 10%
HELD FOR USE	A	\$ 30,404,850.70	\$ 33,788,196.44	-10.01%
	B	\$ -	\$ -	
	C	\$ -	\$ -	
	D	\$ -	\$ -	
	E	\$ -	\$ -	
	F	\$ 4,544,178.16	\$ 3,760,852.07	20.83%
	G	\$ -	\$ -	
	J	\$ -	\$ -	
HELD FOR REPAIR	K	\$ -	\$ -	
	L	\$ -	\$ -	
	M	\$ -	\$ -	
	N	\$ -	\$ -	
	R	\$ -	\$ -	
	P	\$ -	\$ -	
	H	\$ -	\$ -	
	S	\$ -	\$ -	
VARIANCE EXPLANATION Removal of excess inventory DRMO \$1.3M MRP MMV200 \$488K MMFAU1 \$329K Additional inventory from scheduled ship download (Roll Back) Adjustments were made, to improve data accountability accuracy, to the Recoverability and/or stock class codes, condition codes, unit price (1734 LINES) and COS (200 LINES) this is a continuing process.				
HELD FOR USE		\$ 30,404,850.70		
HELD FOR REPAIR		\$ 4,544,178.16		
E/O/U		\$ -		
POC:				
PHONE:				
System or Source of Data Origination: AIMS				
Definition of Reporting Requirements				
Condition Codes-Reported per Marine Corps UM 4400-71.				
Current Qtr Value-Report the Latest Acquisition Cost (LAC).				
Prior Qtr Value-Current Qtr Value from the previous quarterly report.				
Percent Variance +/- 10 Percent-The difference of 10 percent or more from the prior Qtr to Current Qtr.				
Explanation-Explanation is require for variance of 10 percent of more.				

Figure 6: Data Call Template.



Figure 7, *Collecting APA Secondary Inventory Financial Data*, provides a graphical depiction of the process flow.

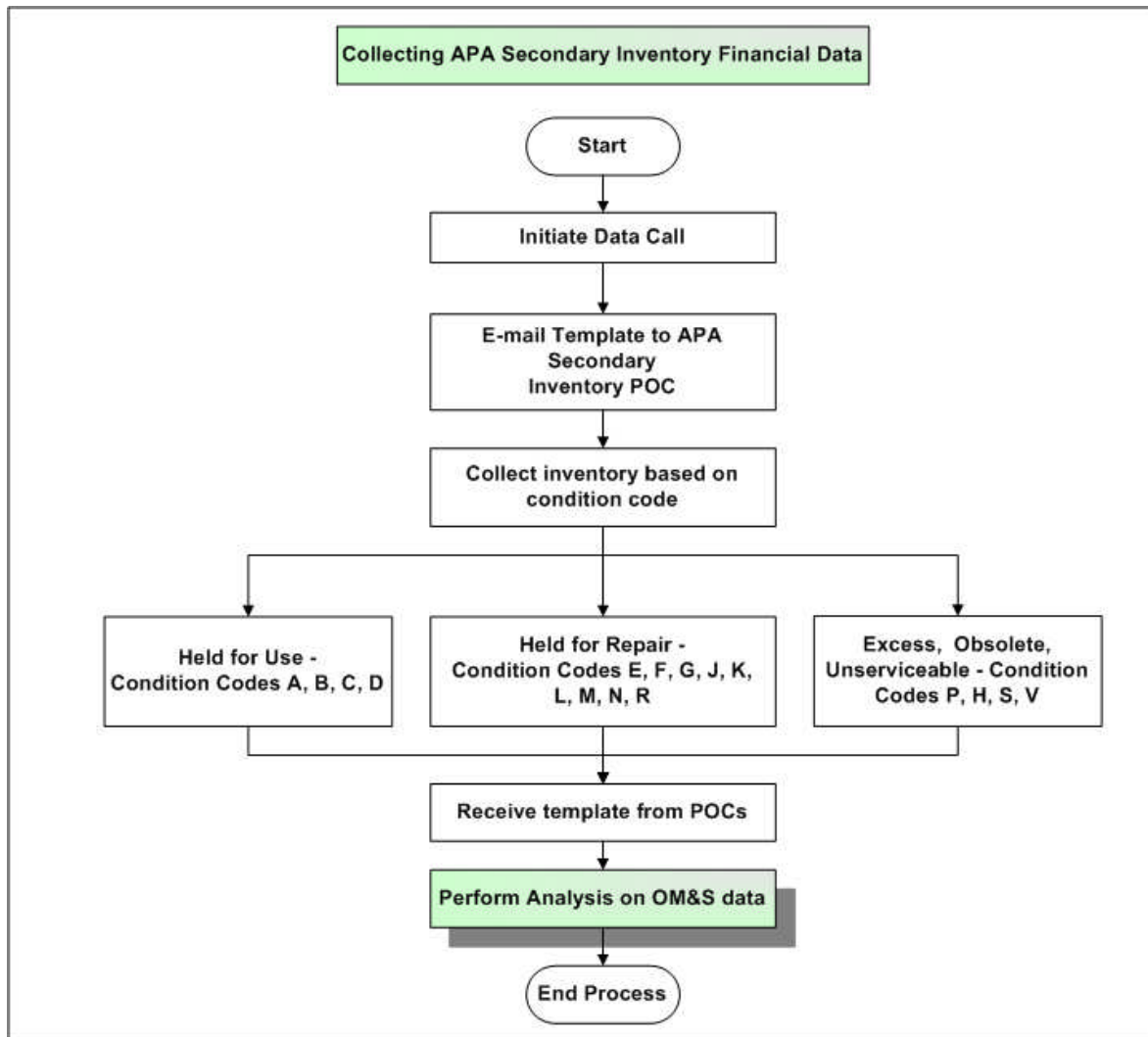


Figure 7: Collecting APA Secondary Inventory Financial Data.

Once APA Secondary Inventory data has been collected and consolidated, the RFA begins to analyze the data.

3.2.5.2 Analyzing APA Secondary Inventory Financial Data

This section documents the RFA process for analyzing the quarterly account variance by describing two procedures. First, it provides guidance on how to analyze the previous quarter's variance for APA Secondary Inventory. Second, it gives direction on how to provide explanations for variances.

Table 19, *Analyzing APA Secondary Inventory*, shown below provides a detailed description of the process.

Step	Process	Description
1	Data calls submitted	<ul style="list-style-type: none"> Submit data calls by appropriate POC by 2nd business day after quarter end. Include the following information in the data call: Held for Use, Held for Repair, and Excess, Obsolete, and Unserviceable. Report categories based on condition codes with their current quarter value, prior quarter value, and quarterly variance.
2	Data calls consolidated	<ul style="list-style-type: none"> Consolidate data calls into one workbook with each sheet representing one activity.
3	Data calls reviewed	<ul style="list-style-type: none"> Verify prior quarter balances against previous quarter's report. Review report to ensure all required information has been entered and positive and negative variances in excess of 10 % have been explained. Include variance explanations in the financial statement footnotes.
4	Data call follow-up	<ul style="list-style-type: none"> Explain returns from POCs via telephone and e-mail. Document variance explanations through use of e-mail for purposes of an audit trail. Document the flow of data between the OM&S POC and the data call consolidator via E-mail.
5	POC Responses and Resubmission	<ul style="list-style-type: none"> File e-mail explanations electronically with the resubmitted OM&S spreadsheet for future reference. File the original version of the call electronically in a location specifically created to house rejected submissions, if data call is resubmitted. Document the reason for the rejection of prior versions of a resubmitted call should and the corrective action requested.

Table 19: Analyzing APA Secondary Inventory.



Figure 8, *Analyzing APA Secondary Inventory*, provides a graphical depiction of the process flow.

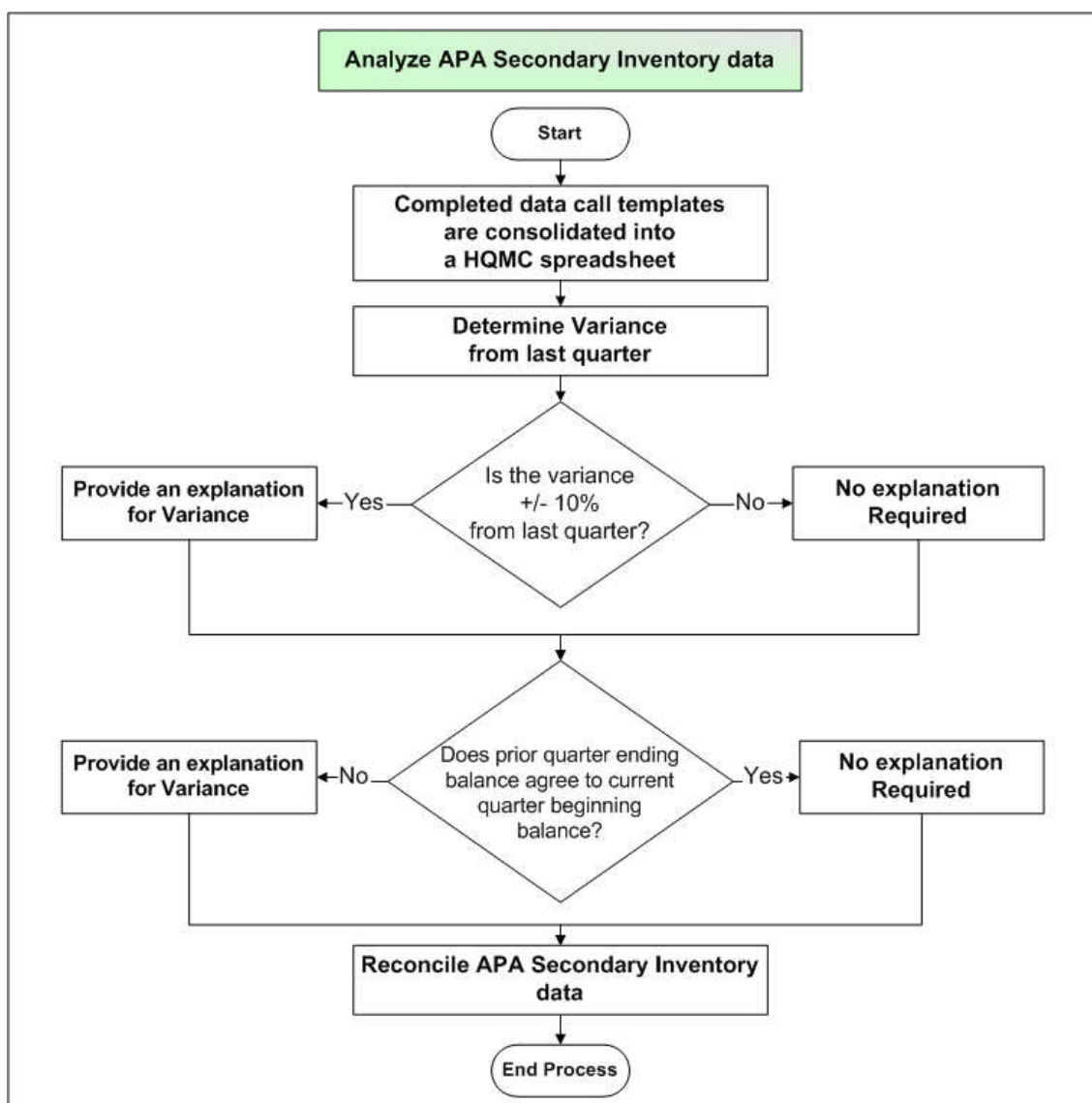


Figure 8: Analyzing APA Secondary Inventory.

3.2.5.3 Reconciling OM&S Inventories

Once the APA Secondary Inventory and Ammunition data call submissions are validated for consistent balance reporting and variance explanations, the inventory balances can be reconciled by the RFA. *The Defense Finance and Accounting Service Guide to Federal Requirements for Financial Management Systems*, Chapter 14, “Audit Trails and System Controls”, states:

“All transactions, including computer-generated computations, must be traceable to individual source records. Adequate audit trails allow tracing from source documents of financial events to general ledger account balances through successive levels of summarization of financial reports/statements.”

Therefore, data call balances should be supported by source documentation. Although source documentation may vary based on the POC's source system, it should provide enough information to match its balance to the balance reported on the data call. If the different categories or condition code balances are captured by separate systems within the same command, a consolidated report and the underlying system reports should be provided.

Table 20, *Reconciling OM&S Inventories*, shown below describes the requirements for the reconciliation process.

Number	Requirement	Description
1	OM&S files should be reviewed by a supervisor prior to recording a general ledger entry	<ul style="list-style-type: none"> Conduct a supervisor review of the data call support files for proper reconciliation, proper documentation, and potential open issues. <ul style="list-style-type: none"> This is necessary to validate the analysis and reconciliation process before any reporting occurs. Resolve and document electronically all open issues with the reason for the open issue and the expected closing date before final approval. Record OM&S entries once supervisory approval is obtained.
2	Accounting method should be explained	<ul style="list-style-type: none"> Include a brief explanation of the accounting method used in all source documentation. Explain any deviation from the accepted purchase method. <ul style="list-style-type: none"> Explanations for differences in accounting method should be as specific as possible, including the reason for the deviation, and if there are plans to adopt the purchase method in the future.
3	Appropriate source documents should be provided by POCs to support reported data call balances	<ul style="list-style-type: none"> Provide enough information in source documents to agree its balance to the balance reported on the data call. <ul style="list-style-type: none"> Examples of appropriate source documentation include invoices, journals, shipment receipts, or other hard documents that can be used to verify electronic records.
4	Source documents should agree to data call balances	<ul style="list-style-type: none"> Use source documents received to verify the balance reported on the data call. Address any differences with the appropriate POC and documented electronically either through e-mail or memos. Perform any corrections required in POC source systems and resubmit source documentation with an explanation of the corrective action taken.
5	Source documentation should be filed for future reference	<ul style="list-style-type: none"> Reconcile data call balances with source documentation to provide a solid foundation for the resulting general ledger OM&S entry and accompanying financial statement footnotes.

Table 20: Reconciling OM&S Inventories.



Figure 9, *Reconciling OM&S*, provides a graphical depiction of the process flow.

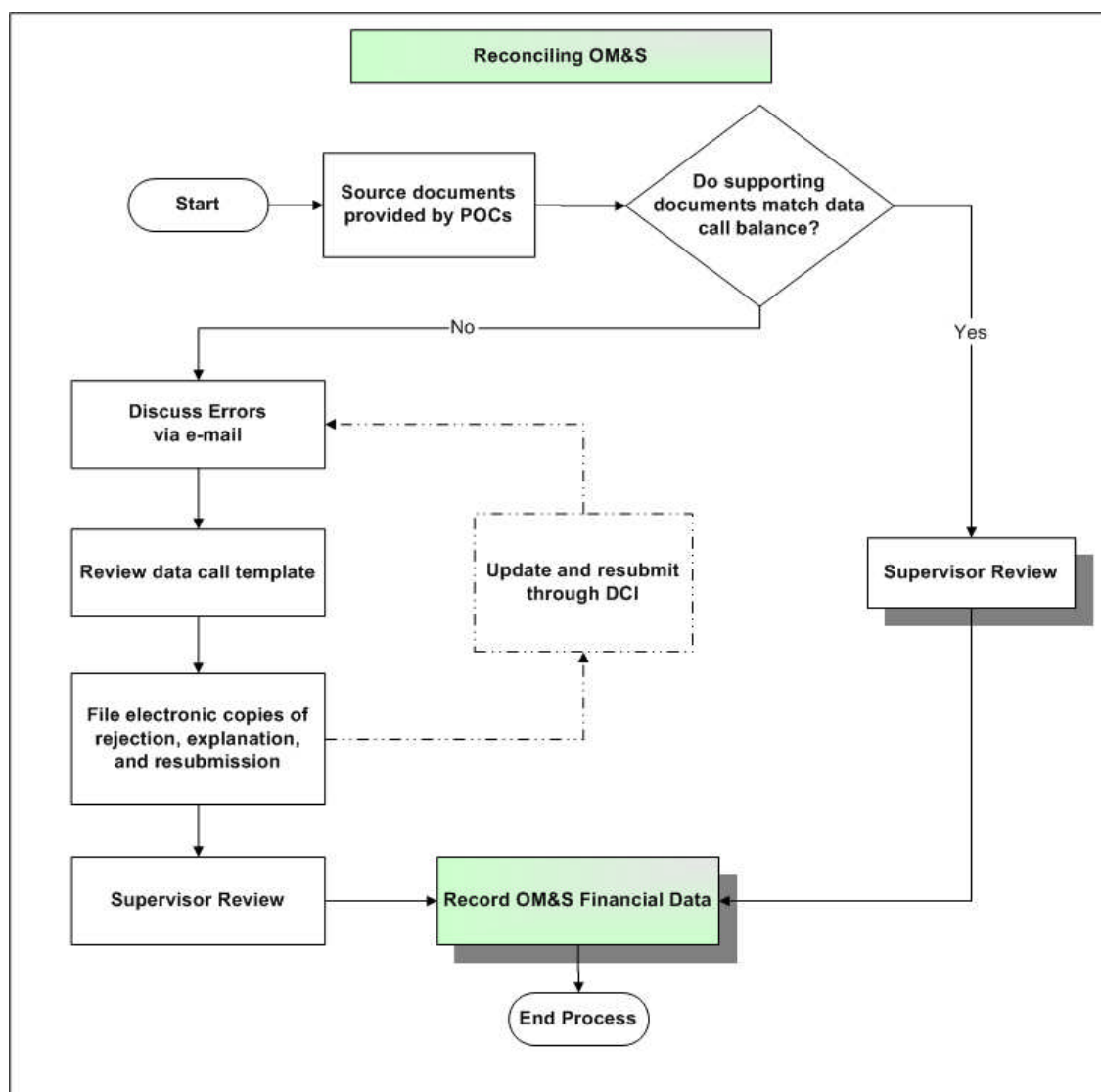


Figure 9: Reconciling OM&S.

3.2.5.4 Recording OM&S

The following procedures describe the process for reporting OM&S Balance Sheet entries. The process is twofold:

- Document the procedure for recording OM&S entries into the Data Collection Instrument (DCI).
- Identify and document the reporting requirements for the Financial Statement Footnote and supplemental information.

Figure 10, *Recording OM&S*, provides a graphical depiction of the OM&S Recording Process.

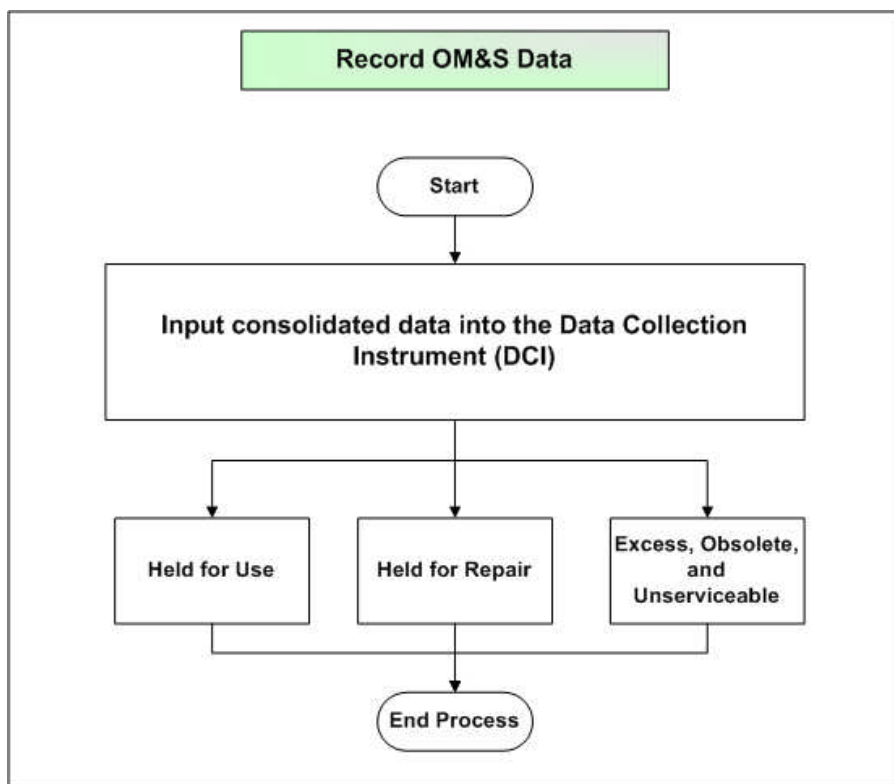


Figure 10: Recording OM&S.

To facilitate incorporation of Marine Corps financial information into the Financial Statements, the reported balances must be entered into the DCI. There are two separate procedures for inputting the balances into the DCI. One procedure applies to OM&S that is Held for Use and Held for Repair. The second procedure applies to OM&S that is Excess, Obsolete, and Unserviceable. Table 21, *Recording OM&S Held for Use and Held for Repair*, and Table 22, *Recording OM&S Excess, Obsolete, and Unserviceable*, on the following page outline these steps.

Step	Activity
1	Log into DCI using the appropriate logon and password.
2	Locate the OM&S form by clicking on the “Form” drop down menu, and selecting “OM&S”.
3	Locate the APA Secondary Section by scrolling down to the section.
4	Locate the Held for Use and/or Held for Repair Columns.
5	Locate the OM&S beginning balance for either Held for Use or Held for Repair on the form by scrolling to the field “Held for Use” or “Held for Repair”.
6	Compare the current reported balance to the beginning balance on the OM&S form.
7	If the current balance is greater than the gross beginning balance on the OM&S form, calculate the difference and enter that amount in the “Transfers In” column on the OM&S form.
8	If the current balance is less than the gross beginning balance on the OM&S form, calculate the difference and enter that amount in “Transfers Out” column on the OM&S form.
9	Based on the values keyed into either the “Transfers In” or “Transfers Out” columns, the OM&S form will then compute the actual ending balance for the period being reported.
10	Forward the data entered to the Command Administrator for review by clicking the “Send to Command Admin” button on form.

Table 21: Recording OM&S Held for Use and Held for Repair.

Step	Activity
1	Log into DCI using appropriate logon and password.
2	Locate the OM&S form by clicking on the “Form” drop down menu, and selecting “OM&S”.
3	Locate the APA Secondary Section by scrolling down to the section.
4	Locate the Excess, Obsolete and Unserviceable section by scrolling down to the section.
5	Enter the current periods reported balance in the “Disposal” column.
6	Any differences between the beginning balance and the current balance will be reflected in the ending balance. The ending balance will need to be zeroed out. Change the ending balance to a negative number and enter that number in the “Ending Balance” column. The negative balance entered in the “Ending Balance” column will zero out the ending balance.
7	Forward the data entered to the Command Administrator for review by clicking the “Send to Command Admin” button on form.

Table 22: Recording OM&S Excess, Obsolete, and Unserviceable.

Figure 11, *DCI Screenshot*, shown below provides a screen capture of a sample DCI input.

The screenshot displays the 'Department of the Navy DCI - Microsoft Internet Explorer provided by HQMC' interface. The address bar shows the URL: <https://www.fmosystems.navy.mil/dci/dataform/index.cfm>.

Summary

	Gross Beginning Bal	Acquisitions	Transfers In	Issuances	Disposals	Transfers Out	Pr	USSGL Account No.
a. Held for Use	413,313,080.67	0.00	0.00	0.00	0.00	0.00	0.0	1511, 1512
b. Held for Repair	64,675,955.10	0.00	0.00	0.00	0.00	0.00	0.0	1514, 1519
c. Excess, Obsolete, and Unserviceable	927,132.00	0.00	0.00	0.00	0.00	0.00	0.0	1513
d. Total	478,916,167.77	0.00	0.00	0.00	0.00	0.00	0.0	N/A

APA Secondary

	Gross Beginning Bal	Acquisitions	Transfers In	Issuances	Disposals	Transfers Out	Pr	USSGL Account No.
a. Held for Use	413,313,080.67	0.00	0.00	0.00	0.00	0.00	0.0	1511, 1512
b. Held for Repair	64,675,955.10	0.00	0.00	0.00	0.00	0.00	0.0	1514, 1519
c. Excess, Obsolete, and	927,132.00	0.00	0.00	0.00	0.00	0.00	0.0	1513

Figure 11: DCI Screenshot.

In addition to reporting the OM&S valuations, the RFA prepares the notes to the financial statements. The Statements of Federal Financial Accounting Standards (SFFAS) require certain disclosures to be issued in notes to the principal financial statements. These notes are included with the objective of making the financial statements more informative to the users. The notes should be prepared in narrative form and should provide a detailed description of the balances. The financial statement note for OM&S is Note 9B, *Operating Materials and Supplies*.¹¹

¹¹ DoDFMR 6B Chapter 10.

Table 23, *Notes to the Financial Statements for OM&S*, shown below provides a description of the information that is required to be contained within the note.

Number	Title	Description
Note 9B	Operating Materials and Supplies	<ul style="list-style-type: none"> ▪ Takes into account three categories: <ul style="list-style-type: none"> - Held for Use. - Held for Repair. - Excess, Obsolete, and Unserviceable. ▪ The note should contain the following information for each category: <ul style="list-style-type: none"> - Inventory in system. - The allowance for gains (losses). - The net book value. - Prior year OM&S amount. - The method used to value OM&S.

Table 23: Notes to the Financial Statements for OM&S.

Figure 12, Note 9B – General Format, shown below provides an example of the format of Note 9B.

NOTE 9.B. OPERATING MATERIALS AND SUPPLIES, NET

As of September 30, (Amounts in thousands)	2004			2003	Valuation Method
	OM&S Gross Value	Revaluation Allowance	OM&S, Net	OM&S, Net	
1. OM&S Categories:					
A. Held for Use	\$ 49,608,556	\$ 0	\$ 49,608,556	\$ 49,948,473	LAC, SP, AC, O
B. Held for Repair	6,042,959	(2,310,848)	3,732,111	3,663,161	LAC, SP, AC, O
C. Excess, Obsolete, and Unserviceable	1,191,493	(1,191,493)	0	0	LAC, SP, AC, O
D. Total	<u>\$ 56,843,008</u>	<u>\$ (3,502,341)</u>	<u>\$ 53,340,667</u>	<u>\$ 53,611,634</u>	

Legend for Valuation Methods:

Adjusted LAC = Latest Acquisition Cost
adjusted for holding gains and losses

NRV = Net Realizable Value
O = Other

SP = Standard Price
AC = Actual Cost

2. Restrictions on OM&S: None

3. Other Information Related to OM&S:

Fluctuation and/or Abnormalities

No fluctuation and/or abnormalities need to be explained.

Information Related to Operating Materials and Supplies, Net

General Composition of Operating Materials and Supplies (OM&S).

OM&S includes spare and repair parts, ammunition, conventional missiles, torpedoes, aircraft configuration pods, and centrally managed aircraft engines. The general composition of OM&S is as follows:

(Amounts in thousands)	September 30, 2004
Ammunition and Munitions	\$32,406,277
Appropriation Purchase Account (APA) Principal	
End Item	8,818,403
Sponsor Owned Material	9,024,008
APA Secondary Inventory	1,127,908
Real-time Reutilization Asset Management (RRAM)	1,525,591
Other	438,480
Total	<u><u>\$53,340,667</u></u>

Figure 12: Note 9B – General Format.



3.2.5.5 Validating OM&S

Once the balances have been recorded, the RFA is able to confirm and validate the balance for OM&S that will be recorded on the Financial Statements. During the validation process, the RFA ensures that all figures are appropriately accounted for and confirms all calculations. All balances should be validated, so that the Financial Statement Line Item can be asserted.

This step completes the OM&S flow of information. The proper execution of all steps is intended to accurately account for OM&S on the Financial Statements.

4.0 CONCLUSION

This SOP manual for the OM&S component of the Inventory and Related Property Line Item provides an overview of Marine Corps policies and procedures for determining, reporting, and recording OM&S financial data (APA Secondary Inventory, Ammunition, and Munitions). Specifically, the SOP covers the OM&S-related concepts, definitions, organizational responsibilities, and business processes overseen by the RFA.

The process for recording OM&S as a component of the Inventory and Related Property Line Item begins at the Installation level. Each Marine Corps Installation is responsible for determining and reporting OM&S financial data. With guidance from the RFA and Installation-level Comptroller/REA function, each Installation prepares its quarterly inventory reports and submits this information to PM AMMO at MARCORSYSCOM (for Ammunition and Munitions) and RFA (for APA Secondary Inventory). The RFA then ensures the financial data is recorded and incorporated into Note 9B (Operating Materials and Supplies, Net) on the Marine Corps Financial Statements.

This SOP document for RFA is intended to assist the Marine Corps in establishing documentation of its financial management processes.



APPENDIX A - DEFINITIONS

Term	Definition	Initial Reference
Ammunition	Anything that is put in the enemies' path to deter, injure, kill personnel, or to destroy or damage materials such as bullets, artillery shells, bombs, torpedoes, grenades, and explosive mines.	<i>Section 3.0, Concepts and Definitions.</i>
Appropriation Purchase Account (APA)	A term used by the Department of Navy to describe assets held as Inventory and Related Material (IRM) that were purchased using General Fund Appropriations. APA Secondary Inventory includes shipboard hulls, mechanical and electrical items, uninstalled aircraft engines, air launched missile material, and surface guided missile components.	<i>Section 3.0, Concepts and Definitions.</i>
Consumption Method	An inventory valuation method that states that operating materials and supplies should be valued on a historical cost basis. Inventory is expensed when it is passed to the end user, versus when purchased.	<i>Section 2.0, Purpose, Scope and Requirements.</i>
Excess, Obsolete, and Unserviceable	Items that exceed the amount on hand that can be used within one year, that are no longer needed due to changes in technology, laws, customs, and/or operations, or items that are physically damaged and cannot be used in operations. When an assessment has been conducted and it has been determined that it is not economically feasible to repair an item, then the item shall be reported as Excess, Obsolete, and Unserviceable. This category includes condition codes P, H, S and V.	<i>Table 5: Excess, Obsolete, and Unserviceable Condition Codes.</i>
Held for Repair	Items that require repair to meet current or future needs or items that have been identified as unserviceable, but have not yet been reviewed to determine their reparability. This category includes condition codes E, F, G, J, K, L, M, N and R.	<i>Table 4: Held for Repair Condition Codes.</i>
Held For Use	Items are consumed in normal operations or meet specified life cycle requirements. These items should not exceed a thirty-day supply unless supporting documentation is developed and maintained for review. This category includes condition codes A, B, C and D.	<i>Table 3: Held For Use Condition Codes.</i>
Historical Cost	All appropriate purchase and production costs incurred to bring the items to their current condition and location.	<i>Section 2.0, Purpose, Scope and Requirements.</i>

Appendix A: Definitions

Term	Definition	Initial Reference
Latest Acquisition Cost (LAC)	This valuation method requires the recognition of unrealized holding gains and losses resulting from recalculations from LAC to arrive at an approximation of cost paid for inventory items. LAC provides that the last invoice price (i.e., the specific item's actual cost used in setting the current year stabilized standard [sales] price) be applied to all like units held including those units acquired through donation or non-monetary exchange. The inventory shall be revalued periodically but at least at the end of each fiscal year. Revaluation results in recognition of unrealized holding gains/losses in the ending inventory value. Upon adjustment for unrealized holding gains/losses, the latest acquisition cost method then results in an approximation of historical cost.	<i>Section 3.0, Concepts and Definitions.</i>
Moving Average Cost (MAC)	A valuation accounting method that is computed after each acquisition by adding the cost of the newly acquired unit(s) to the cost of the units on hand and dividing this figure by the new total number of units.	<i>Section 4.2, OM&S Process Flow.</i>
Munitions	Confined gaseous, liquid and solid propellants, explosives, pyrotechnics, chemical and riot control agents, smokes and incendiaries used by DoD components, including bulk explosives and chemical warfare agents, chemical munitions, rockets, guided and ballistics missiles, bombs, warheads, mortar rounds, artillery ammunition, small arms ammunition, grenades, mines, torpedoes, demolition charges and devices and components thereof.	<i>Section 3.0, Concepts and Definitions.</i>
Net Realizable Value	An estimate of the market value of an item adjusted for any expected losses and any other costs of the sale. The estimate of market value shall be based on (1) the market value of the item if an active market exists; (2) the market value of similar properties if no active market exists; or (3) a reasonable forecast of expected cash flows adjusted for estimates of all holding costs, including any cost of capital.	<i>Section 3.0, Concepts and Definitions.</i>
Purchase Method	Accounting method that allows the expense of items when purchased, and is applied to OM&S only when it meets three conditions: the operating materials and supplies have a general use, the materials and supplies are not significant in dollar amount, and materials and supplies are in the hands of the end user.	<i>Section 2.0, Purpose, Scope and Requirements.</i>

Appendix A: Definitions (continued)

APPENDIX B - GLOSSARY OF ACRONYMS

Acronym	Acronym Expansion
APA	Appropriation Purchase Accounts
CFO	Chief Financial Officer
CINC	Commander-in-Chief
CMC	Commandant of the Marine Corps
CONUS	Continental United States
COCOM	Combatant Commander
DCI	Data Collection Instrument
DFAS	Defense Finance and Accounting Service
DoD, IG	Department of Defense Inspector General
DoDFMR	Department of Defense Financial Management Regulation
DoN	Department of the Navy
FFMIA	Federal Financial Management Improvement Act
FII	Financial Improvement Initiative
FMO	Office of Financial Operations
GAO	Government Accountability Office
HQMC	Headquarters, Marine Corps
I&L	Installations and Logistics
IRM	Inventory and Related Material
IT	Information Technology
LP	Logistics Plans, Policies and Strategic Mobility Division



Acronym	Acronym Expansion
MAC	Moving Average Cost
MARCORLOGCOM	Marine Corps Logistics Command
MARCORSYSCOM	Marine Corps Systems Command
MARFORLANT	Marine Corps Forces, Atlantic
MARFORPAC	Marine Corps Forces, Pacific
MARFORRES	Marine Forces, Reserves
MCFEAT	Marine Corps Financial Education Assistance Team
MILSTRAP	Military Standard Transaction Reporting and Accounting Procedures
OM&S	Operating Materials and Supplies
OSD	Office of the Secretary of Defense
P&R	Programs and Resources
POC	Point of Contact
PP&E	Property, Plant, and Equipment
REA	Resource Evaluation and Analysis
RFA	Financial Accounting and Systems Branch
SFFAS	Statement of Federal Financial Accounting Standards
SOP	Standard Operating Procedures
USMC	United States Marine Corps
USPACOM	United States Pacific Command
USMC	United States Marine Corps



APPENDIX C - RESOURCES

- (1) *Chief Financial Officers (CFO) Act of 1990*
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
- (2) *Federal Financial Management Improvement Act of 1996 (FFMIA)*
<http://www.dod.mil/comptroller/icenter/inforef/ffmia96.pdf>
- (3) *Joint Financial Management Improvement Plan (JFMIP), Property Management System Requirements, October 2000*
<http://www.jfmip.gov/jfmip/download/systemreqs/propertyfinal.pdf>
- (4) *Department of Defense, Financial Management Regulation (DoD FMR) Volume 4, Chapter 4, Operating Materials and Supplies and Stockpile Materials*
http://www.defenselink.mil/comptroller/fmr/04/04_04.pdf
- (5) *Department of Defense, Financial Management Regulation (DoD FMR) Volume 6B, Chapter 10, Notes to the Financial Statement*
<http://www.defenselink.mil/comptroller/fmr/06b/06B10.pdf>
- (6) *Department of Defense, Financial Management Regulation (DoD FMR) Volume 11B, Chapter 56, Operating Materials and Supplies*
<http://www.dod.mil/comptroller/fmr/11b/11B56.pdf>
- (7) *Office of the Under Secretary of Defense Memorandum, dated July 6, 2001, Approved Valuation Method for Inventory Held for Sale and Operating Materials and Supplies*
http://www.dod.mil/comptroller/firm/docs/MAC_7-6-01.PDF
- (8) *Statement of Federal Financial Accounting Standards (SFFAS) No. 3, Accounting for Inventory and Related Property*
<http://www.fasab.gov/pdf/sffas-3.pdf>
- (9) *Government Accountability Office (GAO)/National Security and International Affairs Division (NSIAD) Report # 95-137, Defense Inventory: Shortages Are Recurring But Not a Problem, August 1995*
<http://www.gao.gov/archive/1995/ns95137.pdf>
- (10) *DoD 4000.25-2-M, Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP), Chapter 7, Physical Inventory Control.*
http://www.dla.mil/j-6/dlms/eLibrary/Manuals/MILSTRAP/012_Chap07_CH2.doc
- (11) *Defense Finance and Accounting Service (DFAS) 7900.4G, A Guide to Federal Requirements for Financial Management Systems.*
<http://www.dod.mil/dfas/library/79004g.pdf>



APPENDIX D - POINTS OF CONTACT

Reporting Area	Point of Contact
I&L	Charlie Smith (GS13) DSN: 225-6965 MathenaT@HQMC.USMC.MIL
RFA	Flora Temple (GS9) DSN: 224-2252 TempleFV@HQMC.USMC.MIL
PM AMMO	Karen Ross, Inventory Mgmt. Team Leader DSN: 378-3119 RossKA@MCSC.USMC.MIL
MARFORPAC	GYSGT. Phillip Mancilla DSN: 361-0100 (315) 477-8595 MancillaPG@MFP.USMC.MIL
MARFORLANT	MGYSGT. Armstrong DSN: 836-0748 SegoviaJA@MRF.USMC.MIL
MARFORRES	(1) CWO Smiley DSN: 678-4922 (2) SSGT. Segovia DSN: 678-4939 Segoviaja@MFR.USMC.MIL
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MATCOM	MGYSGT. Kemp (904) 696-5445
29 PALMS	MSGT. Charles Smith DSN: 230-5578 SmithCH@29PALMS.USMC.MIL



APPENDIX E - PROCESS FLOWS

The table below provides the names of the process flows used in the OM&S reporting process. The Scarlet and Gold box in the upper right hand corner of each process flow indicates which Marine Corps organization completes this process. Each of the process flows is presented on the following pages.

Number	Title
INST-1	Categorize OM&S Type and Condition Code.
INST-2	Estimate OM&S Value.
SASSY-1	Report APA Secondary Inventory (SASSY-DCI).
AMMO-1	Ammunition Reporting Process Flow.
RFA-1	Collecting APA Secondary Inventory Financial Data.
RFA-2	Analyze APA Secondary Inventory Financial Data.
RFA-3	Reconciling OM&S Financial Data.
RFA-4	Record OM&S Financial Data.
RFA-4-1	Record OM&S Held For Use & Held for Repair Balances.
RFA-4-2	Record OM&S Excess, Obsolete, and Unserviceable Balances.

